

Equatorial Energia S.A.

Quarterly Financial Information

March, 31, 2020

(A free translation of the original report in Portuguese,
prepared in accordance with the accounting practices
adopted in Brazil)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION

To the shareholders of
Equatorial Energia S.A.
São Luis - MA

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Equatorial Energia S.A. ("Company"), for the quarter ended march 31, 2020, comprising the statement of financial position as of march 31, 2020 and the related statements of profit or loss and of comprehensive income for the three month period then ended, and of changes in equity and of cash flows for the three month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information include the individual and consolidated statement of value added (SVA) for the three month period ended March 31, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Audit and review of prior year/period corresponding figures

The amounts corresponding to the statement of financial position as at December 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity, cash flows and value added for the three-month period ended March 31, 2019, presented for comparison purposes, were previously audited and reviewed, respectively, by other independent auditors, who issued an unmodified independent auditor's report on the financial statements dated May 22, 2020, and an unmodified review report on the interim financial information dated May 14, 2019.

Fortaleza, June 29, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6



Carlos Santos Mota Filho
Accountant CRC PE020728/O-7-T-CE

Equatorial Energia S.A. and Consolidated

Statement of financial position as of March 31, 2020 and December 31, 2019

(In thousands of Reais)

Asset	Note	Parent company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current					
Cash and cash equivalents	4	446.457	536.313	3.257.369	1.785.203
Short-term investments	5	241.730	871.556	2.344.913	4.043.717
Trade accounts receivable	6	-	-	2.911.796	3.503.757
Accounts receivable - rate tiers		-	-	2.328	1.291
Fuel purchased - CCC account		-	-	46.949	36.376
Services in progress		-	-	371.989	365.462
A "Component" revenue returnable and other financial items	7	-	-	113.185	231.463
Judicial deposits	22	-	-	3.264	3.052
Derivative financial instruments	32.4	-	-	19.405	17.554
Inventories		-	-	36.578	31.895
Dividends receivable		96.097	98.381	2.878	5.175
Recoverable taxes and contributions	8	7	862	1.074.326	256.066
Recoverable income tax and social contribution		5.141	1.428	154.809	143.132
Other receivables	9	5.599	4.574	595.214	295.192
Contractual assets	14	-	-	708.900	699.692
Total current assets		795.031	1.513.114	11.643.903	11.419.027
Noncurrent					
Securities	5	18.267	18.129	133.855	126.756
A "Component" revenue returnable and other financial items	6	-	-	1.348.774	882.598
Fuel purchased - CCC account	7	-	-	940.056	865.227
Judicial deposits	22	134	124	304.371	299.175
Services in progress		-	-	6.591	6.591
Derivative financial instruments	32.4	-	-	415.876	43.001
Recoverable taxes and contributions	8	12	12	1.742.356	1.633.437
Recoverable income tax and social contribution		32.960	35.017	82.345	90.340
CCC subrogation - amounts allocated		-	-	85.120	85.120
Retirement and pension plan		-	-	22.065	22.065
Other receivables	9	9.601	9.569	52.416	389.340
Concession's	12	-	-	4.998.579	4.945.545
Investment	11	9.160.886	8.664.022	127.931	122.217
Property, plant and equipment		2.782	2.782	14.937	14.557
Intangible assets	13	1.437	1.437	8.910.703	9.007.974
Right-of-use		963	992	32.279	32.573
Contractual assets	14	-	-	8.595.623	7.544.552
Total noncurrent assets		9.227.042	8.732.084	27.813.877	26.111.068
Total assets		10.022.073	10.245.198	39.457.780	37.530.095

See accompanying notes.

	Note	Parent company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
Liabilities					
Current					
Trade payables	15	1.134	2.081	1.697.189	1.969.016
Payroll charges and obligations		827	722	63.880	60.940
Loans and borrowings	16	512.906	507.358	2.455.771	1.742.280
Debentures	17	14.199	11.622	170.730	144.283
A "Component" revenue returnable and other financial items	7	-	-	43.372	10.077
Taxes and contributions payable	18	2.635	2.761	463.760	564.352
Income taxes and social contribution payable		17	41	65.486	100.793
Dividends		322.469	322.581	341.007	341.119
Public lighting fee		-	-	65.766	79.326
Energy efficiency research and development		-	-	286.040	272.806
Profit sharing		19.065	17.466	152.877	132.664
Amounts payable under the judicial reorganization plan	20	-	-	8.142	22.275
Lease liability		89	150	11.621	10.569
Provision for civil, tax, labor and regulatory claims	22	-	-	252.484	254.775
PIS/COFINS to be reimbursed to consumers	23	-	-	538.739	75.999
Other accounts payable	24	-	15	407.889	373.148
Total current liabilities		873.341	864.797	7.024.753	6.154.422
Noncurrent					
Trade payables	15	-	-	6.740	7.094
Loans and borrowings	16	-	-	9.737.786	9.362.674
Debentures	17	558.321	1.252.232	4.892.169	5.559.184
Retirement and pension plan		-	-	139.562	139.562
Taxes and contributions payable	18	-	-	228.253	235.339
Deferred income and social contribution taxes	19	50	50	1.582.387	1.307.386
Deferred PIS and COFINS	19.1	-	-	955.712	860.503
Provision for civil, tax, labor and regulatory claims	22	-	-	1.023.253	1.037.472
A "Component" revenue returnable and other financial items	7	-	-	102.646	132.374
Energy efficiency research and development		-	-	192.812	186.483
Amounts payable under the judicial reorganization plan	20	-	-	860.377	849.624
PIS/COFINS to be reimbursed to consumers	23	-	-	1.751.622	1.263.422
CCC Sector charges	21	-	-	258.811	254.672
Lease liability		814	792	22.023	19.344
Other accounts payable	24	16.450	16.450	368.615	387.168
Total non-current liabilities		575.635	1.269.524	22.122.768	21.602.301
Equity					
Share capital	25.1	2.741.931	2.741.931	2.741.931	2.741.931
Capital reserves	25.2	542.780	529.934	542.780	529.934
Revenue reserves	25.3	4.993.923	4.993.923	4.993.923	4.993.923
Asset and liability valuation adjustments		(145.494)	(154.911)	(145.494)	(154.911)
P&L for the period		439.957	-	439.957	-
Shareholders' equity attributable to Company shareholders		8.573.097	8.110.877	8.573.097	8.110.877
Non-Controlling Interest (NCI)		-	-	1.737.162	1.662.495
Total equity		8.573.097	8.110.877	10.310.259	9.773.372
Total liabilities and equity		10.022.073	10.245.198	39.457.780	37.530.095

Equatorial Energia S.A. and Consolidated

Statement of profit and loss

Periods ended March 31, 2020 and 2019

(In thousands of Reais)

		Parent company		Consolidated	
	Note	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Net operating revenue	26	-	-	4,206.502	3.359.879
Costs of electricity, construction and operation	27	-	-	(2.887.973)	(2.545.287)
Electricity purchased for resale and transmission costs	28	-	-	(1.672.425)	(1.508.018)
Construction cost	27	-	-	(896.873)	(795.781)
Operating cost	27	-	-	(318.675)	(241.488)
Gross profit		-	-	1.318.529	814.592
Operating expenses					
Sales expenses	27	-	-	(77.070)	(91.291)
General and administrative expenses	27	(19.685)	(7.519)	(159.199)	(132.147)
Impairment	27	-	-	(79.086)	(49.200)
Concession right amortization		-	(5.080)	-	(5.080)
Share of profit (loss) of equity-accounted investees	11	475.508	254.358	(20.594)	7.418
Other net operating income (expenses)	29	(14)	518	(13.943)	(83.820)
Total operating revenue (expense)		455.809	242.277	(349.892)	(354.120)
Income before net financial items, income tax and social contributions		455.809	242.277	968.637	460.472
Financial revenue		11.830	9.114	543.749	270.071
Finance costs		(27.682)	(38.611)	(697.042)	(359.867)
Financial income, net	30	(15.852)	(29.497)	(153.293)	(89.796)
Net income before income and social contribution taxes		439.957	212.780	815.344	370.676
Current income and social contribution taxes	19.2	-	-	(29.171)	(23.593)
Deferred income and social contribution taxes	19.2	-	-	(271.484)	(89.341)
Income taxes		-	-	(300.655)	(112.934)
Net income for the period		439.957	212.780	514.689	257.742
Income attributable to:					
Non-controlling interests		-	-	74.732	44.962
Shareholders of parent entity		439.957	212.780	439.957	212.780
Net income for the period		439.957	212.780	514.689	257.742
Basic earnings per share - R\$		2,39050	1,05807		
Diluted earnings per share - R\$		2,39050	1,07209		
Number of common shares at period-end (in thousands of shares)		1.010.186	201.102		

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of comprehensive income

Periods ended March 31, 2020 and 2019

(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	31/03/2019
Net income for the period	439.957	212.780	514.689	257.742
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss				
Loss on cash flow hedge	9.417	-	10.522	-
Other comprehensive income of the period, net of tax	9.417	-	10.522	-
Total comprehensive income	449.374	212.780	525.211	257.742
Non-controlling interests	-	-	75.837	44.962
Shareholders of parent entity	449.374	212.780	449.374	212.780
Total comprehensive income	449.374	212.780	525.211	257.742

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of changes in equity

Periods ended March 31, 2020 and 2019

(In thousands of Reais)

			Revenue reserves								
	Share capital	Reserves capital	Legal	Investment and expansion reserve	Unrealized profit reserve	Additional dividends reserve	Adjustments to equity valuation	Retained earnings	Shareholders' equity of parent	Non-controlling interests	Consolidated equity
Balances as of December 31, 2018	2.375.354	60.780	45.896	2.944.000	219.429	889	(50.316)	-	5.596.032	956.839	6.552.871
Capital increase	19.575	-	-	-	-	-	-	-	19.575	-	19.575
Net income for the period	-	-	-	-	-	-	-	212.780	212.780	44.962	257.742
Change in relative interest held in subsidiaries	-	(112.923)	-	-	-	-	-	-	(112.923)	113.624	701
NCI in equity of subsidiaries	-	-	-	-	-	-	-	-	-	(95.481)	(95.481)
Balances as of March 31, 2019	2.394.929	(52.143)	45.896	2.944.000	219.429	889	(50.316)	212.780	5.715.464	1.019.944	6.735.408
Balances as of December 31, 2019	2.741.931	529.934	120.781	3.648.222	1.224.184	736	(154.911)	-	8.110.877	1.662.495	9.773.372
Net income for the period	-	-	-	-	-	-	-	439.957	439.957	74.732	514.689
Awarded options recognized	-	12.846	-	-	-	-	-	-	12.846	-	12.846
Cash flow hedge accounting gains (losses)	-	-	-	-	-	-	9.417	-	9.417	1.105	10.522
NCI in equity of subsidiaries	-	-	-	-	-	-	-	-	-	(1.170)	(1.170)
Balances as of March 31, 2020	2.741.931	542.780	120.781	3.648.222	1.224.184	736	(145.494)	439.957	8.573.097	1.737.162	10.310.259

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of cash flows - Indirect method

Periods ended March 31, 2020 and 2019

(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Cash flows from operating activities				
Net income for the year	439.957	212.780	514.689	257.742
Adjustments for:				
Amortization and depreciation	29	2	159.583	119.759
Amortization of concession rights	-	5.080	-	5.080
Share of profit (loss) of equity-accounted investees	(475.508)	(254.358)	20.594	(7.418)
Write-off of intangible and financial assets	-	-	2.204	95.167
Contractual asset write-off	-	-	(2.003)	-
Indexation of contractual and financial assets	-	-	(262.863)	(62.098)
Construction margin	-	-	(696.171)	-
Debt charges, net interest and monetary and exchange variance	22.452	38.330	710.256	280.750
Share of profit (loss) of equity-accounted investees	-	-	(359.494)	(2.566)
Adjustment to present value	-	(120)	5.189	10.689
Allowance for doubtful accounts	-	-	(79.086)	49.200
Restatement and provision for energy efficiency research and development	-	-	123.516	20.402
Provision for civil, tax, labor and regulatory claims	-	-	3.150	12.433
A "Component" (receivable) returnable and other financial items	-	-	47.016	(40.474)
Earnings on investments	12.403	-	(52.752)	-
Deferred PIS/COFINS - Transmission firms	-	-	93.587	70.848
Deferred income and social contribution taxes	-	-	271.484	89.341
Current income and social contribution taxes	-	-	29.171	23.593
Share-based payments	-	-	12.846	-
Option to repurchase	12.846	-	-	-
PIS/COFINS to be reimbursed to consumers	-	-	(2.437)	(7.532)
Special obligations and provisions - Eletrobrás - CCEE	-	-	30.464	-
Other	-	-	440	(16.600)
	<u>12.179</u>	<u>1.714</u>	<u>569.383</u>	<u>898.316</u>
Changes in current and noncurrent assets and liabilities				
Trade accounts receivable	-	-	208.709	52.981
Accounts receivable - rate tiers	-	-	(1.037)	3.343
Fuel purchased - CCC account	-	-	(6.434)	10.660
Services in progress	-	-	(6.527)	(49.717)
Judicial deposits	(10)	(19)	(5.408)	(20.309)
Inventories	-	-	(4.683)	843
Recoverable taxes and contributions	2.912	(215)	13.658	(18.543)
Recoverable income tax and social contribution	(3.713)	(817)	(3.682)	(27.115)
CCC sub-rogation	-	-	-	(23.078)
Acquisitions of contractual assets	-	-	-	(680.082)
Other receivables	(1.057)	168	36.902	71.771
Trade payables	(947)	(457)	(272.181)	(10.109)
Payroll charges and obligations	105	164	2.941	8.070
Taxes and contributions payable	(150)	(389)	(107.341)	1.897
Taxes and contributions payable on net income	-	(20)	11.138	7.154
Consumer charges	-	-	-	(16.973)
Public lighting fee	-	-	(13.560)	1.556
Energy efficiency research and development	-	-	(103.953)	(36.040)
Profit sharing	1.599	1.778	20.213	(22.335)
Related-party transactions	-	-	-	525
Retirement and pension plan	-	-	-	(2.536)
Provision for civil, tax, labor and regulatory claims	-	-	(19.660)	(35.437)
Other accounts payable	(15)	(10.892)	16.188	(28.535)
PIS/COFINS to be reimbursed to consumers	-	-	12.540	-
Cash used in operating activities	<u>(1.276)</u>	<u>(10.699)</u>	<u>(222.177)</u>	<u>(812.009)</u>
Income and social contribution taxes paid	-	-	(74.652)	(32.693)
Interest received	-	-	(4.712)	-
Interest paid	(12.738)	-	(125.261)	(121.424)
	<u>(12.738)</u>	<u>-</u>	<u>(204.625)</u>	<u>(154.117)</u>
Cash flows (used in) produced by operating activities	<u>(1.835)</u>	<u>(8.985)</u>	<u>142.581</u>	<u>(67.810)</u>
Cash flows from investing activities				
Acquisitions of intangible assets and property, plant and equipment	-	(92)	(665)	(1.481)
Special obligations additions	-	-	141.380	11.326
Acquisitions of contractual assets	-	-	(408.139)	(275.965)
Concession financial assets - Transmission firms	-	-	-	(17.562)
Net cash acquired on the acquisition of investments	-	(46)	-	72.128
Securities	617.285	-	(7.099)	-
Acquisition of investment	(13.451)	(658.281)	-	701
Redemptions/ short-term investments	-	-	1.751.556	-
Receipt of dividends	3.796	170.000	3.796	-
Cash flow (used in) provided by investment activities	<u>607.630</u>	<u>(488.419)</u>	<u>1.480.829</u>	<u>(210.853)</u>
Cash flows from financing activities				
Amortization of loans and borrowings	(695.500)	-	(121.168)	(223.720)
Loans and borrowing obtained	-	-	696.111	543.028
Amortization of debentures	-	-	(695.500)	-
Debenture issue	-	-	-	190.000
Amortization of lease liability	(39)	-	(6.086)	-
Amounts paid under the judicial reorganization plan	-	-	(24.489)	(2.696)
Funds allocated to advance for future capital increase	-	(4.309)	-	-
Capital increase	-	19.575	-	19.575
Dividends paid	(112)	(211)	(112)	(211)
Cash flows from (used in) financing activities	<u>(695.651)</u>	<u>15.055</u>	<u>(151.244)</u>	<u>525.976</u>
(Decrease) increase in cash and cash equivalents	<u>(89.856)</u>	<u>(482.349)</u>	<u>1.472.166</u>	<u>247.313</u>
Cash and cash equivalents at beginning of period	536.313	718.146	1.785.203	4.743.990
Cash and cash equivalents at end of period	<u>446.457</u>	<u>235.797</u>	<u>3.257.369</u>	<u>4.991.303</u>
(Decrease) increase in cash and cash equivalents	<u>(89.856)</u>	<u>(482.349)</u>	<u>1.472.166</u>	<u>247.313</u>

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of value added

Periods ended March 31, 2020 and 2019

(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Revenue				
Sales of products, services and construction revenue	-	-	5.673.926	4.634.610
Allowance for doubtful accounts	-	-	(79.086)	(49.200)
Provision (reversal) for civil, labor, tax and regulatory litigation	(24)	-	(46)	(8.487)
Other operating expenses/revenue	(14)	518	(6.695)	(3.629)
Other non-recurrent expenses / revenue	-	-	(7.248)	(80.191)
	<u>(38)</u>	<u>518</u>	<u>5.580.851</u>	<u>4.493.103</u>
Consumables acquired from third parties (including ICMS and IPI)				
Costs of goods sold and services rendered	-	-	(2.569.298)	(2.303.799)
Materials, energy, third-party services and others	(2.580)	(3.685)	(226.165)	(183.298)
CCC subsidy	-	-	(33.958)	(28.476)
	<u>(2.580)</u>	<u>(3.685)</u>	<u>(2.829.421)</u>	<u>(2.515.573)</u>
Gross added value used	<u>(2.618)</u>	<u>(3.167)</u>	<u>2.751.430</u>	<u>1.977.530</u>
Depreciation and amortization	<u>(30)</u>	<u>(2)</u>	<u>(160.034)</u>	<u>(120.127)</u>
Net added value (used in) produced by the Company	<u>(2.648)</u>	<u>(3.169)</u>	<u>2.591.396</u>	<u>1.857.403</u>
Transferred added value				
Finance income	12.403	9.114	553.620	270.071
Share of profit (loss) of equity-accounted investees	475.508	254.358	(20.594)	7.418
Amortization of concession rights	-	(5.080)	-	(5.080)
	<u>487.911</u>	<u>258.392</u>	<u>533.026</u>	<u>272.409</u>
Total value added to distribute	<u>485.263</u>	<u>255.223</u>	<u>3.124.422</u>	<u>2.129.812</u>
Distribution of value added				
Employees				
Direct compensation	15.997	3.402	117.926	114.689
Benefits	250	101	35.526	25.589
FGTS	21	21	15.438	17.556
Other	716	251	(17.528)	(22.715)
	<u>16.984</u>	<u>3.775</u>	<u>151.362</u>	<u>135.119</u>
Taxes				
Federal	573	-	931.797	693.498
State	-	-	822.683	673.104
Municipal	-	-	3.507	2.563
	<u>573</u>	<u>-</u>	<u>1.757.987</u>	<u>1.369.165</u>
Return on debt capital				
Interest	22.451	38.348	614.662	303.127
Rent	67	57	3.342	7.919
Other financial expenses	5.231	263	82.380	56.740
	<u>27.749</u>	<u>38.668</u>	<u>700.384</u>	<u>367.786</u>
Return on equity capital				
Retained earnings in the year	439.957	212.780	439.957	212.780
Noncontrolling interests in earnings for the year	-	-	74.732	44.962
	<u>439.957</u>	<u>212.780</u>	<u>514.689</u>	<u>257.742</u>
Value added	<u>485.263</u>	<u>255.223</u>	<u>3.124.422</u>	<u>2.129.812</u>

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information

Period ended March 31, 2020

(In thousands of Reais)

1 Operations

Equatorial Energia S.A. (“Company” or “Equatorial” or “Parent Company” or in conjunction with its Subsidiaries, “Group”), headquartered in São Luís, Maranhão, Brazil, is a publicly traded holding corporation with interests primarily in electric power generation, distribution and transmission operations. The Company is listed on B3 under the ticker “EQTL3” and has been listed on Novo Mercado since 2008.

1.1 Subsidiaries and joint ventures

Equatorial has the following interests:

Direct interest	Note	03/31/2020	12/31/2019
55 Soluções S.A.	(a)	100.00%	100.00%
Geradora de Energia do Norte S.A.	(b)	25.00%	25.00%
Vila Velha Termoeletricas Ltda.	(c)	50.00%	50.00%
Equatorial Transmissão S.A.	(d)	100.00%	100.00%
Integração Transmissora de Energia S.A. – INTESA	(e)	100.00%	100.00%
Equatorial Piauí Distribuidora de Energia S.A.	(f)	94.47%	94.47%
Equatorial Alagoas Distribuidora de Energia S.A.	(g)	96.37%	96.37%
Equatorial Energia Distribuição S.A.	(h)	90.15%	90.15%
Indirect interest	Note	03/31/2020	12/31/2019
Equatorial Transmissora 1 SPE S.A.	(i)	100.00%	100.00%
Equatorial Transmissora 2 SPE S.A.	(j)	100.00%	100.00%
Equatorial Transmissora 3 SPE S.A.	(k)	100.00%	100.00%
Equatorial Transmissora 4 SPE S.A.	(l)	100.00%	100.00%
Equatorial Transmissora 5 SPE S.A.	(m)	100.00%	100.00%
Equatorial Transmissora 6 SPE S.A.	(n)	100.00%	100.00%
Equatorial Transmissora 7 SPE S.A.	(o)	100.00%	100.00%
Equatorial Transmissora 8 SPE S.A.	(p)	100.00%	100.00%
Solenergias Comercializadora de Energia S.A.	(q)	51.00%	51.00%
Helios Energia Comercializadora e Serviços Ltda.	(r)	99.99%	99.99%
Equatorial Telecomunicações Ltda.	(s)	100.00%	100.00%
Equatorial Maranhão Distribuidora de Energia S.A.	(t)	58.69%	58.69%
Equatorial Pará Distribuidora de Energia S.A.	(u)	86.99%	86.99%

- (a) 55 Soluções S.A. (“55 Soluções”): A privately held company held corporation headquartered in São Luís, Maranhão, Brazil, and primarily engaged in: a) services in the electric power, telecommunications and data transmission businesses; b) electricity bill collection services for third parties; and c) third-party facilities operation, maintenance and planning services under Equatorial's control;
- (b) Geradora de Energia do Norte S.A. (“GERAMAR”) is the company responsible for the development and operation of the Tocantinópolis and Nova Olinda thermal power stations in the municipality of Miranda do Norte, Maranhão, Brazil, with a combined installed capacity of 330 MW to be delivered to the National Interconnected System. On October 1, 2008, Equatorial acquired a 25% interest in the share capital of Geradora de Energia do Norte S.A.: The consortium that controls Geradora de Energia do Norte S.A. consists of Equatorial Energia S.A. (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). GNP S.A., in turn, is controlled by Servtec Investimentos e Participações Ltda. (50%) and Company Ligna de Investimentos (50%). The control of Geradora de Energia do Norte S.A. is shared and governed by a Shareholders' Agreement;
- (c) Vila Velha Termoeletricas Ltda. (“Vila Velha”): is responsible for the development and operation of thermal power stations in the state of Espírito Santo. Equatorial Energia S.A. has a 50% interest in the company. Control of Vila Velha Termoeletricas Ltda. is shared and governed by a Shareholders' Agreement;
- (d) Equatorial Transmissão S.A. (“Equatorial Transmissão”): A privately held company, having its registered office in Brasília, Distrito Federal. Equatorial Transmissão's core activities are the: a) transmit and sell energy and provide related services; b) study, plan, design, implement, operate and maintain energy transmission systems; c) provide consultancy and engineering services within their operating remit; d) participate in technical, scientific and entrepreneurial associations and organizations; and e) acquire interests in other Brazilian or foreign companies as partner or shareholder. Equatorial Transmissão is the holding company for the Group's transmission companies, and owns SPEs 01 to 08;
- (e) Integração Transmissora de Energia S.A. (INTESA): having its registered office in Distrito Federal is a privately held corporation. Its registered business interests include the construction, development, operation and maintenance of electric utility facilities within the interconnected grid and specifically the Colinas/Serra da Mesa 2 500kV Transmission Line in the states of Tocantins and Goiás, which serves 25 municipalities between Colinas do Tocantins (TO) and Colinas do Sul (GO). The public power transmission concession contract (no. 002/2006) between the National Electricity Regulatory Agency - ANEEL and INTESA on April 27, 2006, has a term extending to April 2036 and is extendable for a further maximum term of 30 years;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

- (f) Equatorial Piauí Distribuidora de Energia S.A. ("Equatorial Piauí"): A privately held company primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Piauí, serving more than 1.3 million customers in 224 municipalities and covering an area in excess of 252 thousand km² as of December 31, 2019. On July 26, 2018, Equatorial Energia SA was the winner in the bidding process in the auction mode ("Auction"), carried out in the form of bidding n°. 2/2018-PPI / PND ("Notice"), for the concession of public distribution service associated with the transfer of Equatorial Piauí's share control. On October 17, 2018, the purchase and sale agreement and other covenants were signed, in which Centrais Elétricas Brasileiras SA - ELETROBRAS sold shares accounting for 89.94% of Equatorial Piauí's total share capital to Equatorial Energia S.A. Under item 5.1. (i) of this notice, Equatorial Energia S.A. made a capital increase at Equatorial Piauí of R\$ 720,916 on October 17, 2018. On January 02, 2019, Equatorial Energia S.A. bought back 2,580,200 shares for R\$ 294.88 (in reais). By way of the capital increases of Equatorial Energia S.A., the Board of Directors Meeting of Equatorial Piauí held March 13, 2019 acquired 604,881,182 shares, consisting of 577,684,454 registered common shares with no par value, and 27,196,728 registered preferred shares with no par value, which resulted in the interest in this distribution company's share capital rising from 89.94% to 94.47%. Distribution concession contract no. 01/2018 entered into by ANEEL and Equatorial Piauí on October 18, 2018 is valid until October 17, 2048. The minutes from the Board of Directors' meeting held March 29, 2019 approved the change to the company's name from "Companhia Energética do Piauí – CEPISA", to "Equatorial Piauí Distribuidora de Energia S.A";
- (g) Equatorial Alagoas Distribuidora de Energia S.A. ("Equatorial Alagoas"): A privately held company primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Alagoas, serving more than 1.1 million customers in 102 municipalities and covering an area in excess of 27 thousand km² as of December 31, 2019. On December 28, 2018, Equatorial Energia SA was the winner in the bidding process in the auction mode ("Auction"), carried out in the form of bidding n°. 2/2018-PPI / PND ("Notice"), for the concession of public distribution service associated with the transfer of Equatorial Alagoas' share control. On February 27, 2019, the purchase and sale agreement and other covenants were signed, in which Centrais Elétricas Brasileiras SA - ELETROBRAS sold shares accounting for 89.94% of Equatorial Alagoas' total share capital to Equatorial Energia S.A. By way of the Board of Directors' meeting of Equatorial Alagoas held March 18, 2019, Equatorial Energia S.A. acquired 1,436,238,120 shares, consisting of 1,412,317,458 registered common shares with no par value, and 23,920,662 registered preferred shares with no par value, which resulted in the interest in this distribution company's share capital rising from 89.94% to 96.37%. Distribution concession contract no. 02/2019 entered into by ANEEL and Equatorial Alagoas on March 19, 2019 is valid until March 18, 2049. The minutes from the Board of Directors' meeting held May 02, 2019 approved the change to the company's name from "Companhia Energética de Alagoas – CEAL", to "Equatorial Alagoas Distribuidora de Energia S.A";
- (h) Equatorial Energia Distribuição S.A. ("Equatorial Distribuição"), headquartered in São Luís, Maranhão, Brazil, is a privately held company with the core activity of holding interests primarily in electric power distribution utilities. On November 05, 2019, the interests of 65.11% in Equatorial Maranhão and 96.50% in Equatorial Pará were transferred from Equatorial Energia to Equatorial Distribuição. In this process the Company has an interest of 90.15% and Itaú S.A. 9.9%.
- (i) Equatorial Transmissora 1 SPE S.A. ("SPE 01"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 01's core activity is to: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 251-km, 500 kV Rio das Águas - Barreiras II C2 Transmission Line, and was incorporated on November 17, 2016; On February 10, 2017, the federal government and SPE 01 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 01 is expected to invest R\$ 461,000 and to begin operations by February 9, 2022;
- (j) Equatorial Transmissora 2 SPE S.A. ("SPE 02"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 02's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the (a) 213-km, 500 kV Barreiras II, Buritirama C1 Transmission Line, and (b) 500kV Buritirama Substation (new substation for line connections and compensation of reactive power), incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 02 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 02 is expected to invest R\$ 469,000 and to begin operations by February 9, 2022;
- (k) Equatorial Transmissora 3 SPE S.A. ("SPE 03"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 03's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 380-km, 500 kV Buritirama - Queimada Nova II, C2, Transmission Line, and was incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 03 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 03 is expected to invest R\$ 543,000 and to begin operations by February 9, 2022;
- (l) Equatorial Transmissora 4 SPE S.A. ("SPE 04"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 04's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016. (b) 337-km, 500 kV Janaúba 3 - Presidente Juscelino C1 Transmission Line; and (c) 500 kV Janaúba 3 (new 500 kV yard - parte 1) substation, founded on November 17, 2016. On February 10, 2017, the federal government and SPE 04 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 04 is expected to invest R\$ 1,020,000 and to begin operations by February 9, 2022;
- (m) Equatorial Transmissora 5 SPE S.A. ("SPE 05"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 05's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 05 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 05 is expected to invest R\$ 423,000 and to begin operations by February 9, 2022;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

- (n) Equatorial Transmissora 6 SPE S.A. ("SPE 06"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 06's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 330-km, 500 kV Janaúba 3 - Presidente Juscelino C2 Transmission Line, incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 06 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 06 is expected to invest R\$ 499,000 and to begin operations by February 9, 2022;
- (o) Equatorial Transmissora 7 SPE S.A. ("SPE 07"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 07's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission systems, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 56.1-km, 500 kV Vila do Conde - Marituba Transmission Line (b) 68.6-km, 230 kV Marituba - Castanhal - Transmission Line; (c) 500/230 kV Marituba - (3+1R)x300 MVA substation; and (d) 230/69 kV Marituba 2x200 MVA substation, founded on November 17, 2016. On February 10, 2017, the federal government and SPE 07 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 07 is expected to invest R\$ 459,000 and to begin operations by February 9, 2022;
- (p) Equatorial Transmissora 8 SPE S.A. ("SPE 08"): A privately held company, having its registered office in São Luís, Maranhão State. SPE 08's core activity is to: operate a power transmission concession including the construction, erection, operation and maintenance of transmission systems in the state of Pará under Invitation for Auction No. 05/2016, comprising (a) the Xingu—Altamira 230 kV ~61 km Transmission Line; (b) the Altamira—Transamazônica 230 kV ~188 km Transmission Line; (c) the Transamazônica—Tapajós 230 kV ~187 km Transmission Line; (d) the 230/138-13.8 kV (2 x 150 MVA) Tapajós Substation; (e) the Tapajós Substation—Synchronous Compensator (-75/+150 MVAR); and (f) the Rurópolis Substation—Synchronous Compensator (-55/+110 MVAR), established on June 14, 2017. On February 10, 2017, the federal government and SPE 08 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. The Rurópolis - Compensador Sincrono (-55/+110 MVAR) substation came into operation on June 3, 2019. SPE 08 expects the Transmission Lines and other Substations to begin operating by February 09, 2022. In accordance with the commitment assumed, the Company is expected to invest R\$ 14,000;
- (q) Solenergias Comercializadora de Energia S.A. ("Solenergias"): A privately held company having its registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary 55 Soluções S.A.
- (r) Hélios Energia Comercializadora e Serviços Ltda. ("Hélios"): Limited Liability Business Company having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary Solenergias Comercializadora de Energia S.A.; and
- (s) Equatorial Telecomunicações Ltda. ("Equatorial [Telecomunicações]"): A private entity headquartered in São Luís, Maranhão, Brazil, engaged in the provision of telecommunications service, land-line telephone service, multimedia communication services, voice over Internet protocol service and telecommunications information services. Its parent company is 55 Soluções S.A.
- (t) Equatorial Maranhão Distribuidora de Energia S.A. ("Equatorial Maranhão"): A publicly held corporation primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Maranhão, serving more than 2.5 million customers in 217 municipalities and covering an area in excess of 332 thousand km² as of March 31, 2020. The public power distribution concession contract (no. 060/2000) between the National Electricity Regulatory Agency - ANEEL and distributor on 8/28/2000, has a term extending to August 2030 and is extendable for a further maximum term of 30 years at the concession authority's discretion. Under Resolution 4621, dated November 25, 2014, ANEEL approved a new standard utility concession addendum under which the residual balances of regulatory assets or liabilities relating to financial figures to be computed in accordance with ANEEL's pre-established rules, including those established after the most recent tariff review, will be included the indemnity to be received by the concession holder in the event of the termination of the concession for whatever reason. Equatorial Maranhão entered into the amendment on December 10, 2014 in accordance with the existing legislation.;
- (u) Equatorial Pará Distribuidora de Energia S.A. ("Equatorial Pará"): A publicly traded corporation headquartered in Belém, Pará state, supplying electricity to its concession area embracing the whole of Pará state, serving more than 2.7 million consumers in 144 municipalities and covering an area in excess of 1,248 thousand km² as of March 31, 2020. Electricity distribution concession agreement no. 182/1998 entered into by between ANEEL and the distributor on 7/28/1998, has a term extending to July 2028 and is extendable for a further term of 30 years at the concession authority's discretion. Under Resolution 4621, dated November 25, 2014, ANEEL approved a new standard utility concession addendum under which the residual balances of regulatory assets or liabilities relating to financial figures to be computed in accordance with ANEEL's pre-established rules, including those established after the most recent tariff review, will be included the indemnity to be received by the concession holder in the event of the termination of the concession for whatever reason. Equatorial Pará made the amendment on December 10, 2014 in accordance with the existing legislation;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

The subsidiaries 55 Soluções, Equatorial Transmissão, INTESA, Equatorial Piauí, Equatorial Alagoas and Equatorial Distribuição are referred to in the note's hereafter simply as "Subsidiaries".

GERAMAR and Vila Velha are joint ventures controlled by Equatorial Energia and are recognized using the equity method of accounting. These investments are recognized initially at cost, which includes transaction costs, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The accounting policies have been applied consistently to the consolidated companies, including the joint subsidiaries, and are consistent with those used in the previous year.

All intercompany accounts and transactions have been eliminated in the consolidation.

1.2. COVID-19 Impacts

In March 2020, the Covid-19 pandemic was declared by WHO. Since then, the Company has followed the spread of the virus in Brazil and the world and its impacts on the economy.

On March 25, 2020, ANEEL published Normative Resolution No. 878/2020 in response to measures of social distancing and restriction of mobility, and authorized the softening of certain obligations of the concession contract until June 30, 2020, such as a prohibition to suspend energy supply due to default by consumer units, which include residential customers and essential services. The social distancing measures, combined with restrictions on suspension of energy supply have been causing a drop in consumption and in the collection of the electricity distribution concessionaires of Equatorial Group.

The Company and its subsidiaries will present below the main financial and economic effects of Covid-19 to date. The Company and its subsidiaries will continue monitoring the evolution of the situation and its impacts and, as a regulated company, its economic and financial balance is guaranteed in the concession contract.

The Company and its subsidiaries have taken several preventive measures for their employees, preventing them from exposure to risky situations, such as by canceling national and international trips, adopting home office and employees' rotation to avoid agglomerations, use of means of remote service, among others. The Company and its subsidiaries will continue to comply with the guidelines of competent bodies and may adopt new preventive measures, focusing on the safety of their employees.

Among the effects we can mention the following:

Focus on Group employees:

- (i) Creation of a Crisis Committee intended to monitor the effects of the crisis while evaluating measures to be taken to minimize such impacts on the Company's business;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

1.2 COVID-19 Impacts (Continued)

- (ii) Application of a home office system for all workers whose function enables this type of work;
- (iii) For the areas that carried out their activities in operations centers, there was a reassessment of spacing and adjustment in positions, in order to guarantee the adequate distance and avoid agglomerations;
- (iv) Suspension of meetings and face-to-face training, starting to adopt practices only by videoconference;
- (v) Distribution of hygiene kit for vehicles and personal hygiene kit for employees working in the field;
- (vi) Availability of masks for employees working in the units and in the field;
- (vii) Employee body temperature check;
- (viii) Suspension of international and national travel, except in cases of extreme need;
- (ix) Reinforcement in the hygiene of work environments, observing the guidelines of WHO and the Brazilian Ministry of Health; and
- (x) Implementation of occupational telemedicine in the Group's companies.

Focus on the Group's business:

- (i) Revaluation of manageable expenses and investments in distribution for the current year in light of the new scenario;
- (ii) Adoption of a number of measures to expand the services available through the Company's digital channels, with emphasis on the implementation of payment by credit card on the Company's website and the possibility of registering low-income consumers through our service channel. via WhatsApp;
- (iii) Launching of a payment campaign for consumers, with a drawing of purchase vouchers, energy vouchers and a car within one year;
- (iv) Energy supply and losses: There was an increase in non-technical loss in the Company's subsidiaries, caused by the impossibility of cutting power during the pandemic period. Additionally, there was an increase in the supply of energy, which was slightly affected by determinations related to social distancing, since the first decrees were issued as of the second half of March; and
- (v) Over-contracting: Due to the reduction in energy consumption, the Company's subsidiaries were exposed to energy over-contracting, which will be the result of an economic and financial restatement with the regulatory body, either as part of Tranche A or via tariff adjustment.

It is worth remembering that the present situation is not restricted to the Company and its subsidiaries, but affects all electricity distributors. Similar situations have already been experienced (rationing from 2001 and 2002, and effects of Provisional Executive Order - MP No. 579/2012) in the past, and have given rise to the construction of systemic solutions, which have preserved the economic and financial balance of the sector as a whole. Thus, in addition to the individual rebalancing mechanism (extraordinary review), it is natural to have a systemic solution led by the Federal Government.

The Company and its subsidiaries work with a conservative cash policy, which seeks to maintain sound liquidity by investing in top-tier financial institutions and in low credit risk operations, such as, among others, fixed income securities, government bonds, repo operations, debentures and Bank Deposit Certificated (CDBs).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

2 Basis of preparation and presentation of the quarterly information

2.1 Statement of Compliance

The individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The accounting practices adopted in Brazil include those set out in Brazilian corporate law in a manner consistent with the standards set out in Accounting Pronouncements (CPC) approved by the Federal Accounting Council (CFC) and by the Brazilian Securities Commission (CVM).

The Company considered the guidance issued by Accounting Guidance OCPC 07, issued by the CPC in November 2014 in the preparation of its financial statements. Accordingly, the relevant information specific to the financial statements is evidenced and corresponds to that used by management in their activities.

They were authorized for issue by the Board of Directors on June 29, 2020.

2.2 Basis of measurement

The Company's individual and consolidated interim information was prepared based on historical cost, except for certain financial instruments measured at their fair values through profit or loss, when required by the standards.

2.3 Functional currency and presentation currency

These financial statements are reported in Reais, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

3 Summary of significant accounting policies

This individual and consolidated interim information was prepared according to principles, practices and criteria consistent with those adopted in the preparation of the financial statements for the last year and should be analyzed together with Note 4 – Summary of significant accounting policies, of the individual and consolidated financial statements as at December 31, 2019, which were prepared in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

4 Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and banks	985	1,103	175,361	184,082
Investments and investment funds (a)				
Bank Deposit Certificate - CDBs	1,297	251,292	397,866	497,570
Securities held under repurchase agreements	-	-	-	56,815
Open investment fund (b)	-	-	82,210	94,796
	<u>1,297</u>	<u>251,292</u>	<u>480,076</u>	<u>649,181</u>
(Exclusive) investment fund (a)				
Investment fund shares	376,178	-	2,090,831	-
Securities held under repurchase agreements	67,019	230,858	508,526	867,234
Bank Deposit Certificate – CDBs	978	47,447	2,575	75,707
Financial bills	-	5,601	-	8,937
Sovereign debt securities	-	12	-	62
	<u>444,175</u>	<u>283,918</u>	<u>2,601,932</u>	<u>951,940</u>
Total	<u>446,457</u>	<u>536,313</u>	<u>3,257,369</u>	<u>1,785,203</u>

The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio's average profitability for the period ended March 31, 2020 is equal to 92.66% of CDI (99.20% on December 31, 2019).

- (a) Cash equivalents refer to Investment Funds, CDB - Bank Deposit Certificates and Repo Operations, which are highly liquid and have low credit risk. Such investments are available for use in the Company's operations, readily convertible into a known amount of cash and are subject to an insignificant risk of change in value, that is, they are financial assets with immediate liquidity. Additionally, exclusive funds are investments in fund shares (FIC) managed by the financial institution, which allocate their resources in shares of several open-ended funds, with no significant participation and management in the equity of the invested fund, that is, without exceeding 10% of equity. Therefore, these investments are classified as cash and cash equivalents, in accordance with CPC 03 (R2)/IAS 7- Cash Flow Statements; and
- (b) Open-ended investment funds are composed of assets such as repurchase agreements and government securities. These funds are used in the Company's short-term financial flow and do not represent medium or long-term investments.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

5 Short-term investments

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
(Exclusive) investment funds				
Investment fund shares	81,175	532,421	1,867,340	2,835,803
Securities held under repurchase agreements	-	-	31,007	240,182
Sovereign debt securities	103,586	246,130	272,740	764,864
Financial bills	52,571	85,798	159,273	164,822
Debentures	4,084	6,892	10,753	11,007
Bank Deposit Certificate CDBs	-	-	4,350	4,219
Checks not cleared	-	-	(1,240)	(1,644)
	<u>241,416</u>	<u>871,241</u>	<u>2,344,223</u>	<u>4,019,253</u>
Open funds	<u>314</u>	<u>315</u>	<u>690</u>	<u>24,464</u>
Total current	<u>241,730</u>	<u>871,556</u>	<u>2,344,913</u>	<u>4,043,717</u>
Noncurrent				
Securities (a)	<u>18,267</u>	<u>18,129</u>	<u>133,855</u>	<u>126,756</u>
Total Noncurrent	<u>18,267</u>	<u>18,129</u>	<u>133,855</u>	<u>126,756</u>
Total	<u>259,997</u>	<u>889,685</u>	<u>2,478,768</u>	<u>4,170,473</u>

The Investment Funds represent low-risk operations in top-tier financial institutions and are composed of several assets aiming at better profitability with the lowest level of risk, such as: fixed income securities, government bonds, repo operations, debentures, CDBs, among others, in accordance with the Company's investment policy.

Additionally, exclusive funds are investments in fund shares (FIC) managed by the financial institution, which allocate their resources in shares of several open-end funds, with no significant participation and management in the equity of the invested fund, that is, without exceeding 10% of equity. Therefore, the Company and its subsidiaries do not have direct management and control over exposure, rights, variable returns arising from their involvement and the ability to use their power to affect the amount of the returns on these investments, in accordance with CPC 36 (R3) / IFRS 10 - Consolidated Statements.

The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio's average profitability for the period ended March 31, 2019 is equal to 92.64% of CDI (99.45% on December 31, 2019).

- (a) Denotes restricted investments securing loans and financing invested in government securities and funds denominated in government securities.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

6 Trade accounts receivable (Consolidated)

6.1 Composition of balances

	03/31/2020	12/31/2019
Residential	1,770,293	1,794,008
Industrial	254,326	234,839
Commercial	518,422	561,702
Rural	179,230	181,158
Government	179,643	199,868
Public lighting	89,589	91,004
Public utility	106,503	106,836
Trade accounts receivable, billed	3,098,006	3,169,415
Trade accounts receivable, unbilled (a)	441,648	452,958
Residential	1,539,504	1,456,351
Industrial	131,629	116,712
Commercial	404,942	377,708
Rural	79,228	76,481
Government	324,257	332,774
Public lighting	90,495	94,210
Public utility	122,005	122,530
Installment payment (b)	2,692,060	2,576,766
Low-income and "viva luz" consumers (c)	87,076	88,764
Other	265,591	202,595
(-) AVP (adjustment to present value) - Accounts receivable – financing (d)	(55,077)	(56,747)
	297,590	234,612
Total	6,529,304	6,433,751
(-) Provision for impairment of accounts receivable	(2,268,734)	(2,047,396)
Total trade accounts receivable	4,260,570	4,386,355
Current	2,911,796	3,503,757
Noncurrent	1,348,774	882,598

- (a) Refers to electricity that is distributed but not billed to consumers, with invoicing based on metering cycles, which in many cases exceed the bookkeeping closing period;
- (b) The installment payment policy for electricity bills by subsidiaries may extend over 48 months and includes a 1% p.m. interest rte. Previously agreed on installment payments in recently acquired subsidiaries, with no interest or at low rates, adjustments were made to present value;
- (c) By means of Laws nos.12,212 and 10,438, the Federal Government instituted a low-income social rate with a view to contributing to moderate electricity rates for end consumers in the residential low-income sub-class;
- (d) Adjustment to present value on the balance of long-term installment payments using a 9.1% p.a. interest rate.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

6.2 Expected losses on impairment of accounts receivable

	12/31/2019	Provisions/ additions	Reversals (write-offs)	03/31/2020
Trade accounts receivable, billed	1,003,427	144,784	(39,181)	1,109,030
Installment payment	968,535	93,206	(9,963)	1,051,778
Trade accounts receivable, unbilled	23,605	22,663	(22,411)	23,857
Others	51,829	64,104	(31,864)	84,069
Total	2,047,396	324,757	(103,419)	2,268,734

	12/31/2018	Acquisition (a)	Provisions/ additions	Reversals (write-offs)	12/31/2019
Trade accounts receivable, billed	717,164	178,511	382,463	(274,711)	1,003,427
Installment payment	708,069	140,740	324,821	(205,095)	968,535
Trade accounts receivable, unbilled	-	-	23,605	-	23,605
Others	49,505	12,400	38,189	(48,265)	51,829
Total	1,474,738	331,651	769,078	(528,071)	2,047,396

(a) Balances of Equatorial Alagoas as of March 31, 2019, when the Company acquired its share control.

6.3 Trade accounts receivable, billed

03/31/2020				
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	294,987	452,684	1,022,622	1,770,293
Industrial	71,381	24,444	158,501	254,326
Commercial	197,156	95,949	225,317	518,422
Rural	27,470	30,562	121,198	179,230
Government	83,292	56,194	40,157	179,643
Public lighting	31,494	30,999	27,096	89,589
Public utility	43,311	43,190	20,002	106,503
Total	749,091	734,022	1,614,893	3,098,006

12/31/2019				
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	395,779	433,383	964,846	1,794,008
Industrial	85,679	19,413	129,747	234,839
Commercial	252,819	80,921	227,962	561,702
Rural	38,751	29,939	112,468	181,158
Government	102,151	59,509	38,208	199,868
Public lighting	58,234	7,195	25,575	91,004
Public utility	50,966	31,872	23,998	106,836
Total	984,379	662,232	1,522,804	3,169,415

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

6.4 Installments payment

03/31/2020				
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	1,031,368	83,130	425,006	1,539,504
Industrial	78,710	3,142	49,777	131,629
Commercial	315,380	12,544	77,018	404,942
Rural	45,268	4,837	29,123	79,228
Government	292,451	7,212	24,594	324,257
Public lighting	87,667	1,049	1,779	90,495
Public utility	114,045	2,883	5,077	122,005
Total	<u>1,964,889</u>	<u>114,797</u>	<u>612,374</u>	<u>2,692,060</u>
12/31/2019				
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	1,025,455	75,937	354,959	1,456,351
Industrial	80,666	2,484	33,562	116,712
Commercial	303,027	10,808	63,873	377,708
Rural	46,973	4,365	25,143	76,481
Government	292,136	7,202	33,436	332,774
Public lighting	91,178	1,580	1,452	94,210
Public utility	112,597	2,892	7,041	122,530
Total	<u>1,952,032</u>	<u>105,268</u>	<u>519,466</u>	<u>2,576,766</u>

Aging list of installments payment

03/31/2020					
	2020	2021	2022	2022 onwards	Total
Residential	100,869	558,130	189,348	183,021	1,031,368
Industrial	1,628	61,376	6,411	9,295	78,710
Commercial	22,203	98,239	37,134	157,804	315,380
Rural	4,160	28,277	7,080	5,751	45,268
Government	17,910	66,125	28,770	179,646	292,451
Public lighting	7,899	23,271	8,042	48,455	87,667
Public utility	1,916	47,820	18,933	45,376	114,045
Total	<u>156,585</u>	<u>883,238</u>	<u>295,718</u>	<u>629,348</u>	<u>1,964,889</u>

Aging list of financing payments more than 90 days overdue as of March 31, 2019

	91 to 360 days overdue	361 to 720 days overdue	721 to 1080 days overdue	1081 to 1530 days overdue	Total
Residential	136,743	120,701	56,273	111,289	425,006
Industrial	5,182	7,020	7,709	29,866	49,777
Commercial	17,881	16,331	11,749	31,057	77,018
Rural	8,948	8,696	3,849	7,630	29,123
Government	6,927	2,683	2,716	12,268	24,594
Public lighting	748	409	297	325	1,779
Public utility	3,013	1,060	467	537	5,077
Total	<u>179,442</u>	<u>156,900</u>	<u>83,060</u>	<u>192,972</u>	<u>612,374</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

7 "A Component" revenue receivable (returnable) and other financial items (Consolidated)

	12/31/2019	Constituição	Atualização	Amortizações	03/31/2020
A Component					
CDE - Energy Development Account (a)	(27,155)	7,888	(375)	1,434	(18,208)
PROINFA - Alternative Source Incentive Program	13,539	(9,193)	18	(4,108)	256
National Grid (b)	76,875	30,005	782	(10,301)	97,361
Acquisition of energy CVA (c)	948,868	96,786	8,138	(238,833)	814,959
ESS - System service charges (c)	(198,435)	(47,387)	(1,886)	62,159	(185,549)
	<u>813,692</u>	<u>78,099</u>	<u>6,677</u>	<u>(189,649)</u>	<u>708,819</u>
Financial items					
Over-purchased electricity	(42,835)	5,045	(1,086)	2,734	(36,142)
Neutrality	12,411	16,576	149	4,923	34,059
Equatorial Maranhão violation of continuity limit	88	-	(1)	11	98
Excess demand and surplus reactive energy (g)	(312,860)	(20,161)	(2,587)	13,938	(321,670)
Sectorial financial asset (Global Reversion Reserve – RGR)	-	-	1,698	-	1,698
Creation of RGR (d)	583,809	5,424	15,040	-	604,273
Other (e)	(100,066)	(1,975)	(473)	18,602	(83,912)
	<u>140,547</u>	<u>4,909</u>	<u>12,740</u>	<u>40,208</u>	<u>198,404</u>
Total	<u>954,239</u>	<u>83,008</u>	<u>19,417</u>	<u>(149,441)</u>	<u>907,223</u>
Net current	221,386				69,813
Net noncurrent	732,853				837,410

- (a) Liability set up due to the increase in the amounts approved by ANEEL as budget review for payment in 2020 being lower than the current coverage tariffs, thus generating CVA asset setup;
- (b) The balance of the CVA (Account to Control Recoverable Variations in Tranche A) of the Basic Network was affected by the setup of CVA - R\$ 3,521, the amount of which was positive due to the increase in cost tariffs being higher than current coverage, generating an asset setup;
- (c) System Service Charge (ESS) is related to the payment of dispatched thermal plants that operate with the purchase price above the Settlement Price for Differences (PLD). The measure to dispatch these thermal plants is taken by National System Operator (ONS) to ensure the energy security of the system. In the tariff readjustment, which took place in May 2019, the ESS forecast value granted by ANEEL was higher than the costs actually paid, which in the tariff moderation procedure results in the recomposition via regulatory liability;
- (d) This CVA balance mostly stems from subsidiary Equatorial Alagoas, and refers to the loan approved by ANEEL as RGR (Global Reversion Reserve), transferred through CCEE. The loan was approved due to the need for extraordinary resources during the period in which the subsidiary was considered by ANEEL to be a Designated Distributor, acting as a service provider until its privatization. The transfer was approved on February 12, 2019, complying with the provisions of MME Administrative Ruling No. 510 of December 20, 2018. In the period ended March 2020, an amount corresponding to the adjustment to present value of the balances was recorded due to the change in the contractual conditions defined in the new concession contract for the debt corresponding to the sectorial financial asset;
- (e) Refers to the financial asset amortization, Hydrological Risk and accounting for R&D reimbursement, arising from the return by the Union of amounts that were transferred to the electric energy tariffs and paid to the Brazilian Treasury, from January 2010 to December 2012, aiming at reimbursing states and municipalities for loss of ICMS collection levied on fossil fuels used in the generation of electric energy, in the 24 months following the interconnection of the respective Isolated Systems to the National Interconnected System - SIN.
- (f) The balance of the CVA (Account to Control Recoverable Variations in Tranche A) of energy was impacted by the increased costs of the operation of the availability effect and financial exposure arising from the costs passed on to the distributors to serve the market, generating a positive CVA in the period. Regarding energy contracts, in 2020 the CVA was negative (liability), which reflects a lower average payment price in relation to tariff coverage.
- (g) Normative Resolution No. 414/2010 establishes the obligation to collect demands that exceed by more than 5% the amounts previously contracted per connection point, this being called "Demand Overcoming". In addition, it also determines that a charge be applied to the amounts of reactive energy and reactive power demand that violate the limit that results in a power factor equal to 0.92, being known as "Reactive Surplus". The treatment of these additional revenues earned by the distributors is calculated according to sub-module 2.1 of the Tariff Regulation Procedure - PRORET, where it also defines: From the second tariff review after the third Tariff Review Cycle of the Electricity Distribution Concessionaires, the amounts must be subtracted from Tranche B, prorated according to the company's tariff cycle and adjusted by reference to the SELIC benchmark interest rate.

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Notes to individual and consolidated interim financial information --Continued

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(In thousands of Reais)

With respect to the amount of recognition of write-offs of regulatory assets and liabilities in the referred to period, these amounts correspond to the differences between the costs ratified by ANEEL in the RTA - Annual Tariff Adjustment process, regarding Tranche A amounts and other financial components, which are included in the tariffs at the beginning of the tariff period and those actually incurred during the tariff's effective period. The respective amounts are realized at the end of the tariff period, that is, on the date of the tariff readjustment, with the remaining balances being amortized, as well as the elimination of the balances determined and not recovered.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for the indirect subsidiaries Equatorial Maranhão and Equatorial Pará, as well as for direct subsidiaries Equatorial Alagoas and Equatorial Piauí, adjusting their Tranche A expenses (non-manageable costs, such as energy purchases, sector charges and transmission charges).

ANEEL determined Equatorial Maranhão's rate review through Resolution 2,594 of August 20, 2019, with an effect on consumers of -3.82% (minus three point eight two percent), where new rates that will be effective from August 28, 2019 to August 27, 2020.

At subsidiary Equatorial Pará, through Approval Resolution No. 2558 of August 6, 2019, ANEEL ratified the result of the fifth Periodic Tariff Review - RTP with the effect on the consumer at 0.69% (zero point sixty-nine percent), where the new tariffs came into force on August 7, 2019, effective through August 6, 2020.

For subsidiary Equatorial Piauí, in December 2019 ANEEL calculated the Company's tariff adjustment index, adjusting its Tranche A expenses (non-manageable costs, such as energy purchase, sector charges, transmission charges) and updating Tranche B (manageable costs), with the average effect of adjustments of -7.16% (seven point sixteen percent). Approval Resolution No. 2644 of November 26, 2019 ratified the new tariffs that would come into force on December 2, 2019, effective through December 1, 2020, but were suspended due to the decision handed down on December 3 of 2019, by the Federal Regional Court of the 1st Region, in the records of Interlocutory Appeal No. 0002459-43.2019.4.01.0000. As such, in the concession area of Equatorial Piauí, ANEEL published decision 3405/2019 extending the tariffs set by Approval Resolution No. 2490 of November 27, 2018, while the judicial decision is in force.

For subsidiary Equatorial Alagoas, on August 20, 2019, ANEEL approved the new tariff adjustment index for the Company, adjusting its Tranche A expenses (non-manageable costs, such as purchase of energy, transmission and sector-related charges). Through Approval Resolution No. 2594, ANEEL carried out the Company's tariff review, so the new tariffs came into effect on August 28, 2019, effective through August 27, 2020.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information --Continued

Period ended March 31, 2020

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8 Recoverable taxes and contributions (Consolidated)

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
ICMS recoverable (CIAP) (a)	-	-	97,298	95,559
INSS	-	-	10,992	10,806
PIS and COFINS	6	2	63,995	67,696
PIS and COFINS recoverable (ICMS) (b)	-	-	895,265	75,999
Other	1	860	6,776	6,006
Total current	7	862	1,074,326	256,066
	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Noncurrent				
ICMS recoverable (CIAP) (a)	12	12	145,734	139,080
PIS and COFINS recoverable (ICMS) (b)	-	-	1,562,803	1,467,367
Other	-	-	33,819	26,990
Total noncurrent	12	12	1,742,356	1,633,437
Total recoverable taxes and contributions	19	874	2,816,682	1,889,503

- (a) The Company and its subsidiaries have taxes to be recovered referring to ICMS credits on the acquisition of materials destined to property, plant and equipment, appropriated at a ratio of 1/48; and
- (b) As detailed in Note 23, direct subsidiaries Equatorial Piauí and Equatorial Alagoas, as well as indirect subsidiaries Equatorial Maranhão and Equatorial Pará, recognized an asset referring to PIS/COFINS recoverable of, respectively, R\$ 465,879, R\$ 319,475 and R\$ 761,934 and R\$ 935,138. This was based on the opinion of its legal advisors, after publication of the Decision on the Appeal to the Federal Supreme Court - STF, and supported by the final and unappealable favorable decision awarded in the individual lawsuit of these Companies. Equatorial Pará was awarded a final and unappealable decision and recorded the amount of R\$ 935,138 in the quarter ended March 31, 2020.

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9 Other receivables

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
Employee amounts recoverable	25	37	10,000	12,431
Advance to suppliers (a)	-	-	341,434	21,162
Sale of goods and rights	-	-	2,968	3,155
Electricity reimbursement credit	-	-	1,782	1,694
Credits on electricity bills	-	-	456	871
Prepaid expenses	36	32	1,290	1,531
Collection of arrangements	-	-	113	147
PIS/COFINS neutrality (b)	-	-	46,931	73,843
Rate discount subsidy (c)	-	-	100,669	94,820
Network usage charge	-	-	1,173	9,090
Mutual use of pole (d)	-	-	23,977	37,221
Related-party transactions (e)	2,330	-	-	-
Other receivables	3,208	4,505	64,421	39,227
Total current	5,599	4,574	595,214	295,192
Noncurrent				
Amounts to be released (f)	-	-	7,000	7,000
Credits receivable RJ	-	-	24,977	24,977
Loan assignment – Equatorial Pará	9,601	9,569	9,601	-
Advances to suppliers (g)	-	-	1,332	337,954
PECLD (h)	-	-	(37,927)	(37,470)
Mutual use of pole (d)	-	-	18,818	18,818
Other receivables	-	-	28,615	38,061
Total noncurrent	9,601	9,569	52,416	389,340
Total other receivables	15,200	14,143	647,630	684,532

- (a) Due to the forecast for the Transmission companies, indirect subsidiaries, to start operating in 2020, the advances that were made to render the projects feasible were reclassified to the short term;
- (b) Corresponds to the PIS/COFINS credit balance of its Distributor subsidiaries arising from the “B component” neutrality mechanism, necessary to maintain the financial balance of said taxes, as established in Technical Note 115/2005-SFF / SRE / ANEEL, originating from the tax rate differences effective in the reference month and the actual amount collected, and at the same time extemporaneous credit;
- (c) Denote subsidies from the Electricity Trading Chamber - CCEE used to award discounts to sectors needing assistance for the development of irrigation, public services and rural projects in accordance with existing legislation, pursuant to ANEEL Technical Note 226 issued July 26, 2017;
- (d) During the fiscal year of 2019, indirect subsidiaries Equatorial Maranhão and Equatorial Pará recognized revenues from the mutual use of posts, resulting from the conclusion of an extensive lawsuit negotiating process with the companies Telemar Norte Leste S.A. (in court recovery) and OI Móvel S.A. (in court recovery) entered into in December 2019 “an out-of-court measurement instrument and agreement” and a “transaction instrument” with the chief objectives: i) ratifying and establishing a means of payment of credits listed by the court administrator appointed in the court recovery proceedings; ii) entering into infrastructure sharing agreements that shall govern a commercial relationship between the parties; iii) friendly conclusion of all the lawsuits also filed between the parties with definition of criteria for bookkeeping of points occupied and the sum charged for each point occupied;
- (e) Sums regarding agreements for sharing with related parties, pursuant to note no 10;
- (f) The indirect subsidiary Equatorial Pará has a balance of amounts to be released by Banco Daycoval of R\$ 7,000 resulting from demands from financial creditors on receivables and other surety, under the financing contracts renegotiated under the Judicial Reorganization Plan;
- (g) Amount refers to advances to suppliers related to Transmitters (SPE) for the construction of transmission facilities; and
- (h) Sums regarding estimated losses in Doubtful Credits - PECLD in subsidiaries Equatorial Alagoas with regard to recognition of credits from writ of prevention that prevented the Company from ceasing electricity supply to CODEVASF, by reason of full compliance with the terms of Agreement No. 034/83-I, entered into between CODEVASF and CHESF, and in Equatorial Maranhão on sums charged from customers in connection with collection management fees between 2006 and 2017.

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10 Related parties

As of March 31, 2019, the Company has changes in related-party transactions, primarily for sharing agreements, dividends and other items, with the companies below:

Parent Company

		03/31/2020	12/31/2019		
Other receivables		Assets	Assets		
Equatorial Transmissão S.A.	(a)	2,278	2,278		
Total		2,278	2,278		

		03/31/2020	Effect	12/31/2019	Effect on
Judicial reorganization		Assets	on income	Assets	income
Equatorial Pará Distribuidora de Energia S.A.	(b)	9,688	(119)	9,569	(424)
Total		9,688	(119)	9,569	(424)

	03/31/2020	12/31/2019
Dividends	Assets	Assets
Equatorial Transmissão S.A.	7,090	7,090
Equatorial Soluções	10,532	-
Equatorial Distribuição	41,924	-
Equatorial Maranhão	390	-
Equatorial Pará	262	-
Intesa	33,021	-
Geradora de Energia do Maranhão S.A.	2,879	5,176
Total	96,098	12,266

Consolidated

		12/31/2019		
		Liabilities	Effect on income	
Fundação CEPISA de Seguridade Social	(c)	(1,327)	(34,592)	
Equatorial Energia Fundação de Previdência	(d)	-	(2,699)	
Geradora de Energia do Maranhão S.A.	(e)	-	(4,409)	
Total		(1,327)	(41,700)	

		03/31/2020	Effect on	12/31/2019	Effect on
Loans		Liabilities	income	Liabilities	income
Centrais Elétricas Brasileiras S.A.-Eletrobras	(f)	(116,011)	6,877	(122,888)	(17,549)
Total		(116,011)	6,877	(122,888)	(17,549)

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Notes to individual and consolidated interim financial information --Continued

Period ended March 31, 2020

(In thousands of Reais)

Trade payables	Effect on		Effect on	
	Liabilities	income	Liabilities	income
55 Soluções S.A.	(1,851)	1,851	(12,398)	55,132
Equatorial Telecomunicações S.A.	-	-	(725)	(8,124)
Equatorial Transmissora 8 SPE S.A.	(d)	-	(41)	(102)
Other	-	-	(100)	(934)
Total	(1,851)	1,851	(13,264)	45,972

- (a) Refers to expenditures incurred while in the pre-operating stage;
- (b) Transactions with Equatorial Pará are related to the direct or indirect acquisition and negotiation of financing as part of the judicial reorganization of the indirect subsidiary, with payments owed to the following creditors: BNDES, Banco Bradesco, Banco Itaú BBA/ Unibanco, BIC Banco, Banco Merrill Lynch and Banco Société Générale. The balance will be amortized in 10 annual, fixed and equal installments, the first maturing on September 30, 2034 and the last on September 30, 2043 and amounts derived from the human resources, administrative, and proportional sharing of the expenses incurred without the incidence of financial charges on these transactions, with an indeterminate term; as per Technical Note 15/2018-SFF/ANEEL case number 48500.000377/2018-91, see Note 20;
- (c) These amounts relate to contributions of the Equatorial Piauí sponsors to its Supplementary Pension Foundation;
- (d) These amounts relate to contributions by the sponsors Equatorial Maranhão and Equatorial Pará to its Supplementary Pension Foundation;
- (e) The transactions with Geradora do Maranhão S.A. ("Gera Maranhão") are derived from power purchase agreement CCEAR N° 5555/2007 - 29413N - 29414N with Equatorial Maranhão, with a term extending to 2024 and arm's-length terms and conditions and from dividends payable of Equatorial Energia;
- (f) Transactions with Eletrobras are related to dividends payable and loan agreements with Equatorial Maranhão. The loan agreements with Eletrobras relate to power sector credit facilities, the terms and conditions of which are equivalent to those applicable to other power distribution utilities in Brazil.

Key management personnel compensation

The key management personnel include the Board of Directors and Chief Officers. Their compensation was set at up to R\$ 16,000, as per the Annual General Meeting held on May 22, 2020.

Proportion of each constituent of overall compensation, related to FY 2020, paid by the Company:

	Board of Directors	%	Statutory Executive Board	%	Total
Number of members	8		6		14
Annual Fixed Compensation	2,257	100%	1,753	20%	4,010
Salaries or management fees	1,860	82%	1,362	15%	3,222
Direct and indirect benefits	25	1%	118	2%	143
Other (Employer's INSS)	372	17%	273	3%	645
Variable compensation	-	0%	6,871	77%	6,871
Bonuses	-	0%	5,726	64%	5,726
Other (Employer's INSS)	-	0%	1,145	13%	1,145
Post-employment benefits	-	0%	289	3%	289
Share-based payments	-	0%	7,160	80%	7,160
Total compensation by board	2,257	100%	8,913	100%	11,170

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information --Continued
 Period ended March 31, 2020
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Guarantees

The Company has provided avals and guarantees to the subsidiaries, without related charges, in the loans and financing agreements.

11 Investments

The main information about investments in subsidiaries and joint ventures is as follows:

		Parent Company		Consolidated	
		03/31/2020	12/31/2019	03/31/2020	12/31/2019
Appraised by equity accounting:					
Equatorial Distribuição	90.14%	4,602,385	4,423,190	-	-
Equatorial Piauí	94.47%	701,707	679,917	-	-
Equatorial Alagoas	96.37%	831,867	809,472	-	-
Geradora de Energia do Norte	25.00%	109,809	103,751	109,809	103,751
55 Soluções	100.00%	88,504	82,572	-	-
Equatorial Transmissão	100.00%	2,334,124	2,072,159	-	-
INTESA	100.00%	492,490	492,961	-	-
Subtotal		<u>9,160,886</u>	<u>8,664,022</u>	<u>109,809</u>	<u>103,751</u>
Other investments		-	-	18,122	18,466
Total		<u>9,160,886</u>	<u>8,664,022</u>	<u>127,931</u>	<u>122,217</u>

11.1 Changes in the capital expenditure in subsidiaries and joint subsidiaries - Parent company

Subsidiaries	12/31/2019	Capital increase	Minimum dividends	Share of profit (loss) of equity-accounted investees	Other comprehensive income	03/31/2020
Equatorial Piauí	679,917	-	-	18,468	3,322	701,707
Equatorial Alagoas	809,472	-	-	22,395	-	831,867
Geradora de Energia do Norte	103,751	-	(1,499)	7,557	-	109,809
55 Soluções	82,572	-	-	5,932	-	88,504
Equatorial Transmissão	2,072,159	13,451	-	248,514	-	2,334,124
Equatorial Distribuição	4,423,190	-	(13)	173,113	6,095	4,602,385
INTESA	492,961	-	-	(471)	-	492,490
Total	<u>8,664,022</u>	<u>13,451</u>	<u>(1,512)</u>	<u>475,508</u>	<u>9,417</u>	<u>9,160,886</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

11.2 Information about the subsidiaries and joint ventures - Consolidated

The Company presents the table below to show the individual position of its subsidiaries.

Statement of financial position							Results in 03/31/2020					
Balances in 03/31/2020	Interest Corporate	Current		Noncurrent		Equity	Revenue net	Net income Gross	Revenue/ expenses operational	Net income Financial Net	Tax Contribution capital	Net income Net price
		Assets	Liabilities	Assets	Liabilities							
Equatorial Piauí	94.4737%	1,390,911	1,123,355	2,433,874	3,546,716	(845,286)	527,447	124,798	(62,315)	(36,941)	-	25,542
Equatorial Alagoas	96.3666%	1,228,325	794,458	2,438,970	3,131,848	(259,011)	458,881	109,371	(58,916)	(17,919)	(79)	32,457
Geradora de energia do norte	25.0000%	113,026	77,902	555,247	197,676	392,695	63,694	43,077	(3,804)	(3,749)	(5,296)	30,228
55 Soluções	100.0000%	67,397	35,019	57,921	1,794	88,505	37,446	10,694	(676)	232	(4,317)	5,933
Equatorial Transmissão	100.0000%	4,794	16,390	2,345,719	-	2,334,123	-	-	248,499	15	-	248,514
Equatorial Distribuição	90.1400%	39,563	46,510	5,112,476	-	5,105,529	-	-	192,045	(7)	-	192,038
INTESA	100.0000%	395,831	78,829	874,312	773,406	417,908	48,475	11,523	(8)	(6,036)	(4,791)	688
		<u>3,239,847</u>	<u>2,172,463</u>	<u>13,818,519</u>	<u>7,651,440</u>	<u>7,234,463</u>	<u>1,135,943</u>	<u>299,463</u>	<u>314,825</u>	<u>(64,405)</u>	<u>(14,483)</u>	<u>535,400</u>

Statement of financial position							Results in 12/31/2019					
Balances in 12/31/2019	Interest Corporate	Circulante		Não Circulante		Equity	Revenue net	Net income Gross	Revenue/ expenses operational	Net income Financial Net	Tax Contribution Capital	Net income Net price
		Assets	Liabilities	Assets	Liabilities							
Equatorial Maranhão	65.1087%	2,794,304	928,193	4,633,382	3,365,258	3,134,235	3,046,007	1,043,750	(416,689)	(15,555)	(101,742)	509,764
Equatorial Pará	96.4992%	3,848,379	1,720,881	6,263,872	5,299,688	3,091,682	4,434,319	1,089,494	(524,755)	(106,314)	(102,671)	355,754
Equatorial Piauí	94.4737%	1,252,985	1,160,306	2,386,935	3,353,958	(874,344)	2,429,658	450,710	(190,622)	(156,532)	(10,277)	93,279
Equatorial Alagoas	96.3666%	988,625	606,078	2,422,169	3,096,184	(291,468)	1,443,939	450,368	(183,198)	(181,068)	178,596	264,698
Geradora de energia do norte	25.0000%	101,995	97,490	560,156	194,982	369,679	253,836	170,912	(15,034)	(17,620)	(21,488)	116,770
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	-
55 Soluções	100.0000%	60,271	30,551	54,571	1,719	82,572	153,726	54,277	3,317	1,897	(15,145)	44,346
Equatorial Transmissão	100.0000%	6,709	14,387	2,079,836	-	2,072,158	-	-	1,026,019	217	-	1,026,236
Equatorial Distribuição	90.1400%	626	46,495	4,952,613	-	4,906,744	-	-	197,175	(1,356)	-	195,819
INTESA	100.0000%	372,358	89,661	899,488	764,964	417,221	488,397	440,351	(2,516)	(20,277)	(118,242)	299,316
		<u>9,426,252</u>	<u>4,694,042</u>	<u>24,259,622</u>	<u>16,076,753</u>	<u>12,915,079</u>	<u>12,249,882</u>	<u>3,699,862</u>	<u>(106,303)</u>	<u>(496,608)</u>	<u>(190,969)</u>	<u>2,905,982</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information --Continued

Period ended March 31, 2020

(In thousands of Reais)

11.3 Reconciliation of capital expenditure

03/31/2020								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets		Total investment
Equatorial Piauí	94.4737%	(845,286)	25,542	18,468	(798,573)	1,500,280		701,707
Equatorial Alagoas	96.3666%	(259,011)	32,457	22,395	(249,599)	1,081,466		831,867
Geradora de Energia do Norte	25.0000%	393,913	30,228	7,557	98,478	11,331		109,809
55 Soluções	100.0000%	88,505	5,933	5,932	88,504	-		88,504
				248,514		-		
Equatorial Transmissão	100.0000%	2,334,123	248,514		2,334,124	-		2,334,124
Equatorial Distribuição	90.1451%	5,105,529	192,038	173,113	4,602,385	-		4,602,385
INTESA	100.0000%	417,908	688	(471)	417,908	74,582		492,490
		<u>7,235,681</u>	<u>535,400</u>	<u>475,508</u>	<u>6,493,227</u>	<u>2,667,659</u>		<u>9,160,886</u>
12/31/2019								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets	Provision for loss investment devaluation	Total investment
Equatorial Maranhão	65.1087%	3,134,235	509,764	323,496	-	-	-	-
Equatorial Pará	96.4992%	3,091,682	355,754	342,498	-	-	-	-
Equatorial Piauí	94.4737%	(874,344)	93,279	128,558	(826,026)	1,505,943	-	679,917
Equatorial Alagoas	96.3666%	(291,468)	264,698	347,565	(280,877)	1,090,349	-	809,472
Geradora de Energia do Norte	25.0000%	369,679	116,770	29,295	92,420	11,331	-	103,751
Vila Velha	50.0000%	6,600	-	-	3,300	-	(3,300)	-
55 Soluções	100.0000%	82,572	44,346	44,346	82,572	-	-	82,572
Equatorial Transmissão	100.0000%	2,072,158	1,026,236	1,026,237	2,072,159	-	-	2,072,159
Equatorial Distribuição	90.1451%	4,906,744	195,819	176,522	4,423,190	-	-	4,423,190
INTESA	100.0000%	417,221	299,316	294,678	417,220	75,741	-	492,961
		<u>12,915,079</u>	<u>2,905,982</u>	<u>2,713,195</u>	<u>5,983,958</u>	<u>2,683,364</u>	<u>(3,300)</u>	<u>8,664,022</u>

(a) Refers to the Purchase Price Allocation (PPA) balance in the acquisition of its subsidiaries.

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(In thousands of Reais)

12 Concession's (Consolidated)

Denotes the portion of the investments made and not amortized by the end of the concession classified as a financial asset, because it is an unconditional right to receive cash or another financial asset directly. The portion of infrastructure classified as a financial asset is remunerated through the so-called regulatory Weighted Average Cost of Capital - WACC, which is the return on investment collected monthly on customers' electricity bills.

The changes in concession financial asset balances are as follows:

	12/31/2019	Indexation of financial assets (b)	Transfers (a) Contract assets	Write-offs	Reclasss	03/31/2020
Financial assets – Distribution	6,514,499	28,637	30,789	(136)	(7)	6,573,782
Special obligations Distribution (c)	(1,568,954)	(8,376)	2,127	-	-	(1,575,203)
Total	4,945,545	20,261	32,916	(136)	(7)	4,998,579

The concessions held by the subsidiaries Equatorial Piauí and Equatorial Alagoas and the companies Equatorial Maranhão and Equatorial Pará have no counterpart, and therefore, there are no fixed financial obligations or payments to be made to the concession authority.

- (a) Denotes the transfers of contract assets to concession financial assets;
- (b) For a better estimate of the indemnity upon the termination of the concession of the subsidiaries Equatorial Piauí and Equatorial Alagoas and the companies Equatorial Maranhão and Equatorial Pará, the fair value of financial assets is indexed on a monthly basis to the IPCA index, which is one of the primary indexes used for annual indexation by the regulator in tariff adjustment processes; and
- (c) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments.

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Period ended March 31, 2020

(In thousands of Reais)

13 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

	Annual rates	03/31/2020			
		Cost	Amortization	(-) Obligations linked to the concession	Net
Distribution					
In service - Distribution	3.66%	15,063,773	(7,027,346)	(2,223,133)	5,813,294
Concession right					
Concession right – Equatorial Maranhão (a)	3.66%	299,514	(129,213)	-	170,301
Concession right – Equatorial Pará (a)		172,905	(163,382)	-	9,523
Concession right -Equatorial Alagoas (a)	3.66%	1,218,957	(40,632)	-	1,178,325
Concession right – Equatorial Piauí (a)	3.66%	1,740,149	(87,007)	-	1,653,142
Subtotal		3,431,525	(420,234)	-	3,011,291
Other		9,919	(373)	-	9,546
Subtotal		18,505,217	(7,447,953)	(2,223,133)	8,834,131
Transmission					
In service – Transmission (Grant right)	4.34%	1,246	(39)	-	1,207
In course - Transmission		783	-	-	783
Concession right					
Concession right - INTESA (a)	3.33%	80,378	(5,796)	-	74,582
Subtotal		82,407	(5,835)	-	76,572
Total		18,587,624	(7,453,788)	(2,223,133)	8,910,703

	Annual rates	12/31/2019			
		Cost	Amortization	(-) Obligations linked to the concession	Net
Distribution					
In service - Distribution	4.24%	15,005,268	(6,828,676)	(2,295,525)	5,881,067
Concession right					
Concession right – Equatorial Maranhão (a)	3.33%	291,810	(124,838)	-	166,972
Concession right -Equatorial Alagoas (a)	3.33%	1,218,957	(30,474)	-	1,188,483
Concession right – Equatorial Piauí (a)	3.33%	1,740,149	(72,506)	-	1,667,643
Subtotal		3,250,916	(227,818)	-	3,023,098
Other		19,449	(359)	-	19,090
Subtotal		18,275,633	(7,056,853)	(2,295,525)	8,923,255
Transmission					
In service – Transmission (Grant right)	4.34%	9,027	(798)	-	8,229
In course - Transmission		749	-	-	749
Concession right					
Concession right – INTESA (a)	3.33%	80,378	(4,637)	-	75,741
Subtotal		90,154	(5,435)	-	84,719
Total		18,365,787	(7,062,288)	(2,295,525)	9,007,974

* Weighted average annual depreciation rates (%)

- (a) Refers to the adjustment to fair value of the contract asset in a business combination through the Allocation of the Price Paid - PPA, being classified in the Consolidated as intangible assets, since they are contractual rights and other legal rights, in accordance with o CPC 04/IAS 38 - Intangible assets.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Change in intangible assets

	Distribution				Transfers (a)	
	12/31/2019	Reclassification	Additions	Write-offs	Contract assets	03/31/2020
In service	15,005,268	6	-	(4,436)	62,935	15,063,773
(-) Amortization	(6,828,676)	-	(201,030)	2,360	-	(7,027,346)
Total in service	8,176,592	6	(201,030)	(2,076)	62,935	8,036,427
Special obligations (b)	(3,963,368)	-	29,067	8	(8,126)	(3,942,419)
(-) Amortization	1,667,843	-	51,443	-	-	1,719,286
Total special obligations	(2,295,525)	-	80,510	8	(8,126)	(2,223,133)
Other	3,042,188	7,022	(28,373)	-	-	3,020,837
Total Distribution	8,923,255	7,028	(148,893)	(2,068)	54,809	8,834,131
	Transmission				Contract	
	12/31/2019	Reclassification	Additions	Write-offs	assets	03/31/2020
In service	9,027	(7,781)	-	-	-	1,246
(-) Amortization	(798)	759	-	-	-	(39)
Total in service	8,229	(7,022)	-	-	-	1,207
In progress	749	1	33	-	-	783
Concession right	80,378	-	-	-	-	80,378
(-) Amortization	(4,637)	-	(1,159)	-	-	(5,796)
Total concession right	75,741	-	(1,159)	-	-	74,582
Total Transmission	84,719	(7,021)		-	-	76,572
Total intangible	9,007,974	7	(150,019)	(2,068)	54,809	8,910,703

(a) Denotes the transfers (bifurcation) of contract assets to intangible assets in service and concession financial assets; and

(b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

14 Contractual assets (Consolidated)

The Group's contract assets are constituted as follows:

03/31/2020					
	Cost	Write-off of RAP	(-) Obligations related to the concession	Contract asset adjustment	Construction contract
Distribution	1,772,356	-	(805,973)	-	-
Transmission	7,399,369	(88,347)	-	242,602	784,516
Total	9,171,725	(88,347)	(805,973)	242,602	784,516
Current					708,900
Noncurrent					8,595,623

12/31/2019			
	Cost	Write-off of RAP	(-) Obligations related to the concession
Distribution	1,464,994	-	(620,117)
Transmission	7,591,069	(191,702)	-
Total	9,056,063	(191,702)	(620,117)
Current			699,692
Noncurrent			7,544,552

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Change in contractual assets

	12/31/2019	Additions (b)	Write-offs	Transfers (a)		Other (c)	03/31/2020
				Intangible	Financial		
				Assets	Assets		
In progress	1,464,994	408,139	-	(62,935)	(30,789)	(7,053)	1,772,356
Special obligation (b)	(620,117)	(170,447)	2,003	8,126	(2,127)	(23,411)	(805,973)
Total distribution	844,877	237,692	2,003	(54,809)	(32,916)	(30,464)	966,383

	12/31/2019	Construction margin	Contract asset adjustment	RAP realization	03/31/2020
In progress	7,437,274	820,446	128,478	(41,194)	8,345,004
In service	(37,907)	-	114,124	(83,081)	(6,864)
Total transmission	7,399,367	820,446	242,602	(124,275)	8,338,140
Total contractual assets	8,244,244				9,304,523
Current	699,692				708,900
Noncurrent	7,544,552				8,595,623

- (a) Denotes the transfers (bifurcation) of contract assets to intangible assets in service and concession financial assets;
- (b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments; and
- (c) Refers to special obligations and provisions between the indirect subsidiary of Company Equatorial Pará and Eletrobrás – CCEE.

The Company and its distributor subsidiaries assessed the impact and concluded as low the risk of non-receipt and associated loss, since they will be remunerated, as from service's start, (i) by increasing the tariff charged by customers, through cycles (ii) for the unconditional right to receive cash or other financial assets from the Granting Authority, as compensation for the reversal of the public service infrastructure.

The Company and its transmission subsidiaries assessed the concession infrastructure corresponding to the right established in the public electricity transmission service concession arrangement entered into by the Government and the company, to receive cash through two flows (a) part to be received directly from users delegated by the concession authority (generation and distribution utilities, free consumers, exporters and importers) through monthly sales secured by the annual permitted compensation (RAP), during the concession term; and (b) partly through indemnification of the returnable assets at the end of the concession arrangement, to be received directly from the concession authority or to whom it delegates this task.

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Period ended March 31, 2020

(In thousands of Reais)

We did not therefore identify any sign of impairment and consequently no provision was made in the period ended March 31, 2020 and financial year ended December 31, 2019. The assets' values under construction are subject to ANEEL's supervision.

The concession contracts for SPE 07 and 08 transmission companies do not have an indemnity clause for the unamortized regulatory asset at the end of the contract. As such, the cash flow from recovery of investments considers the RAP determined by the regulator, without payment at the end and without any asset receivable amount. This method does not cause losses on the concessionaire. The assets are used and realized throughout the concession.

15 Trade payables

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
Electricity sales to distributors (a)	-	-	734,839	889,825
Electricity network usage charge	-	-	78,252	72,659
Materials and services (b)	1,134	2,081	792,296	920,819
Free electricity pass-through	-	-	19,369	19,174
Guarantees	-	-	32,456	30,390
Related-party transactions (d)	-	-	5,131	1,037
Provision for trade payables (c)	-	-	34,846	35,112
Total	<u>1,134</u>	<u>2,081</u>	<u>1,697,189</u>	<u>1,969,016</u>
Noncurrent				
Materials and services	-	-	6,740	7,094
Total	-	-	6,740	7,094
Total	<u>1,134</u>	<u>2,081</u>	<u>1,703,929</u>	<u>1,976,110</u>

- (a) As at March 31, there was a reduction in the costs of operations with the CCEE - Availability Effect, Effect of Contracting Guarantee Quotas and Financial Exposure that are valued at Settlement Price for Differences (PLD), which had a reduction of R\$ 327.30 to R\$ 66.92 and 43.10 to distributors to serve the market, which led to a reduction in expenses. Expenses with Energy contracts had a reduction in the average payment price in nominal values at March 31, 2020, which represented a reduction in the balance due to a lower expense with the variable portion of thermal power plants.
- (b) The balance refers substantially to suppliers of materials and services regarding the concession's infrastructure investments that subsidiaries have been undertaking during the period;
- (c) Sums related to an improved management estimate of sums due to sundry suppliers, for which invoices had not been received until closing of the fiscal year; and; and
- (d) Sums in connection with related parties, as in explanatory note nº 10.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

16 Loans and borrowings

16.1 Balance breakdown

		Parent Company			Parent Company				
		03/31/2020			12/31/2019				
Domestic currency	Guarantees	Average cost of the debt (% p.a.)	Principal and interest			Average cost of the debt (% p.a.)	Principal and interest		
			Current	Noncurrent	Total		Current	Noncurrent	Total
Promissory note (a)	-	5.84 %	512,906	-	512,906	6.41%	507,358	-	507,358
		Parent Company			Parent Company				
		03/31/2020			12/31/2019				
Foreign currency (USD)	Guarantees	Average cost of the debt (% p.a.)	Principal and interest			Average cost of the debt (% p.a.)	Principal and interest		
			Current	Noncurrent	Total		Current	Noncurrent	Total
CCBI Citibank	Parent company aval	6.15%	8,898	1,643,936	1,652,834	6.74%	7,602	1,284,299	1,291,901
Total exchange currency			8,898	1,643,936	1,652,834		7,602	1,284,299	1,291,901
Domestic currency	Receivables	6.53%	357,846	1,981,862	2,339,708	7.11%	278,260	2,124,748	2,403,008
IBM	-	5.44%	2,004	-	2,004	5.96%	2,975	-	2,975
BNDES	Parent company aval + Receivables + Investment + Share Pledge	8.74%	193,863	2,883,987	3,077,850	8.74%	170,350	2,713,636	2,883,986
Banco do Brasil	Parent company aval + Statutory Lien	5.99%	275	278,189	278,464	5.99%	734	273,663	274,397
BNB	Guarantee + Investment + Share Pledge	6.23%	30,841	1,303,522	1,334,363	6.23%	16,247	1,165,411	1,181,658
Caixa Econômica Federal	Parent company aval+Receivables+ Investment	6.00%	10,602	65,021	75,623	6.00%	10,379	67,601	77,980
Finep	Parent company aval+Receivables	-	-	-	-	4.00%	161	-	161
CCEE/RGR/ANEEL	Receivables	5.00%	-	2,297,270	2,297,270	5.00%	-	2,269,112	2,269,112
Santander	Parent company aval	5.08%	159,298	580,000	739,298	6.83%	151,323	200,000	351,323
Votorantim	Aval+Statutory Assignment	4.50%	31	-	31	4.50%	125	-	125
Promissory note	-	6.60%	1,693,722	-	1,693,722	6.60%	1,105,414	569,013	1,674,427
Subtotal			2,448,482	9,389,851	11,838,333		1,735,968	9,383,184	11,119,152
(-) Arrangement costs		10.58%	(1,609)	(1,296,001)	(1,297,610)		(1,290)	(23,239)	(24,529)
(-) Adjustment to present value			-	-	-		-	(1,281,570)	(1,281,570)
Total local currency		8.47%	2,446,873	8,093,850	10,540,723		1,734,678	8,078,375	9,813,053
Total		8.27%	2,455,771	9,737,786	12,193,557		1,742,280	9,362,674	11,104,954

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

As of March 31, 2020, the amounts in consolidated loans and financing have an average cost of 5.84% pa, equivalent to 107.5% of the CDI (8.27% p.a., equivalent to 138.75% of the CDI rate at December 31, 2019).

16.2 Debt amortization schedule

At March 31, 2020 the installment payments under the primary loans and financing agreements were as follows:

Parent Company

The Parent company's entire debt is recorded under current due to short-term maturities.

Consolidated

	03/31/2020	
	Amount	%
Due date		
Current	2,455,771	20%
2021	1,253,605	10%
2022	1,798,670	15%
2023	1,547,832	13%
2024	867,362	7%
2024 onwards	5,566,318	45%
Subtotal	11,033,787	90%
Arrangement costs/AVP (Noncurrent)	(1,296,001)	(10%)
Noncurrent	9,737,786	80%
Total	12,193,557	100%

16.3 Change in debt

Changes in balances of loans and financing are as follows:

Parent Company

	Domestic currency		
	Current liabilities	Noncurrent liabilities	Total
Balances as of December 31, 2019	507,358	-	507,358
Charges	5,548	-	5,548
Balances as of March 31, 2020	512,906	-	512,906

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Consolidated

	Domestic currency		Foreign currency (USD)		Total
	Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities	
Balances as of December 31, 2019	1,734,678	8,078,375	7,602	1,284,299	11,104,954
Inflows	-	696,111	-	-	696,111
Charges	122,099	45,368	12,488	-	179,955
Monetary and exchange variance	8,456	39,491	-	359,637	407,584
Transfers	762,479	(762,479)	-	-	-
Amortization of principal	(121,168)	-	-	-	(121,168)
Interest payments	(71,148)	(177)	(11,192)	-	(82,517)
Arrangement costs (a)	11,477	(2,839)	-	-	8,638
Balances as of March 31, 2020	2,446,873	8,093,850	8,898	1,643,936	12,193,557

(a) Refers to changes in transaction/funding costs or AVP, when positive means amortization and when negative, addition.

16.4 Covenants and guarantees for loans and financing

Loans and financing contracted by the Company and subsidiaries Equatorial Piauí, Equatorial Alagoas and indirect subsidiaries Equatorial Maranhão, Equatorial Pará, Transmission Companies 7 and 8 have financial covenants, the noncompliance of which in the calculation period may result in the early maturity of the contracts. In the year ended March 31, 2020, the Company and its subsidiaries remained within the limits established in the contracts, as shown below:

Parent Company

Covenants Promissory Notes (NP)
1° Net Debt/Adjusted EBITDA : <=4.5

3rd NP
1.9

Indirect subsidiaries

Equatorial Maranhão

Covenants Promissory Notes (NP)
1st Net debt/EBITDA : <=3.25
2nd EBITDA/Net financial expens: >=1.5

1st NP
1.0
45.0

Loan Covenants
1st Net debt/EBITDA : <=4.0
3rd Net Debt/(Net Debt + SE) : <=0.7

BNDES I **BNDES II**
1.1 1.2
0.3 0.3

Equatorial Pará

Loan Covenants
1st Net debt/EBITDA: < 3.5

Santander
1.9

Loan Covenants
1st Net debt/EBITDA : <=4.0
2nd Net Debt/(Net Debt + SE) : <=0.7

BNDES **Citibank**
2.6 1.9
0.5 n/a

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

The Company is the guarantor of the following issues, in which the covenants are calculated on a consolidated basis, as under:

Equatorial Piauí

Loan Covenants

1st Net debt/EBITDA : <=3.75

BNDES

2.0

Loan Covenants

1st Net debt/EBITDA : <=4.5

Citibank

2.1

Santander

1.9

Equatorial Alagoas

Loan Covenants

1st Net debt/EBITDA : <=3.75

BNDES

2.0

Loan Covenants

1st Net debt/EBITDA : <=4.5

Santander

1.9

SPE 08

Covenants Promissory Notes (NP)

1st Net Debt/Adjusted EBITDA : <=4.5

1st NP

1.9

2nd NP

1.9

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

17 Debentures

17.1 Change in debt

The change in debentures in the year can be seen below:

Parent Company

	Parent Company		
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	11,622	1,252,232	1,263,854
Charges	15,311	-	15,311
Interest payments	(12,738)	-	(12,738)
Amortization of principal	(695,500)	-	(695,500)
Monetary variance	-	1,294	1,294
Arrangement costs (a)	299	-	299
Transfers	695,205	(695,205)	-
Balances as of March 31, 2020	14,199	558,321	572,520

	Parent Company		
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2018	14,112	1,248,331	1,262,443
Inflows	-	1,000,000	1,000,000
Charges	91,278	-	91,278
Interest payments	(93,467)	-	(93,467)
Monetary variance	-	4,099	4,099
Arrangement costs (a)	978	(1,477)	(499)
Transfers Equatorial Distribuição	-	(1,000,000)	(1,000,000)
Transfers	(1,279)	1,279	-
Balances as of December 31, 2019	11,622	1,252,232	1,263,854

(a) Refers to changes in transaction/funding costs, when positive means amortization and when negative, addition.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Parent Company							At March 31, 2020	
Issuance	Feature	Series	Issuance Value	Custo Nominal	Date of Issue	Final Maturity	SBalance net of borrowing cost	Effective cost
2 ^a	(1)/(3)/(4)	1 ^a	695,500	CDI + 1.6% a.a.	dez/17	nov/22	Settled on 10 de mar/20	
2 ^a	(1)/(3)/(4)	2 ^a	104,500	IPCA + 5.77% a.a.	out/18	nov/24	112,414	9.26%
3 ^a	(1)/(3)/(4)	Single	448,400	CDI + 1.3% a.a.	out/18	out/24	460,104	6.81%
4 ^a	(1)/(3)/(4)	Single	1,000,000	106% do CDI	nov/19	jan/20	Settled on 13 de nov/19	

(1) Public simple debenture issuance

(2) Private simple debenture issuance

(3) Nonconvertible into shares

(4) Ordinary

Consolidated			
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	144,283	5,559,184	5,703,467
Inflows	-		
Charges	69,379	(1,031)	68,348
Transfers	691,598	(691,598)	-
Amortization of principal	(695,500)	-	(695,500)
Interest payments	(42,744)	-	(42,744)
Monetary variance	1,461	25,614	27,075
Arrangement costs (a)	2,253	-	2,253
Balances as of March 31, 2020	170,730	4,892,169	5,062,899

Consolidated			
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2018	505,464	4,170,885	4,676,349
Inflows	-	1,595,000	1,595,000
Charges	351,764	20,036	371,800
Transfers	202,038	(202,038)	-
Amortization of principal	(608,328)	-	(608,328)
Interest payments	(356,395)	-	(356,395)
Monetary variance	39,421	8,712	48,133
Arrangement costs	10,319	(33,411)	(23,092)
Balances as of December 31, 2019	144,283	5,559,184	5,703,467

(a) Refers to changes in transaction/funding costs, when positive means amortization and when negative, addition.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

On March 31, 2020 Group companies, including the parent company, accounted for eighteen issues in force. In the course of 2019 five issues were paid off and/or redeemed:

Company	Issuance	Feature	Series	Issuance Value	Nominal Cost	Date of Issue	Final Maturity	At March 31, 2020	
								Balance net of borrowing cost	Effective cost
Equatorial Pará	1ª	(2)/(3)/(5)	Single	100,000	IPCA + 9.0% a.a.	jul/16	mai/20	Settled on dez/19	-
Equatorial Pará	2ª	(2)/(3)/(5)	1ª	60,000	IPCA + 8.4% a.a.	out/16	jan/24	68,009	11.61%
Equatorial Pará	2ª	(2)/(3)/(5)	2ª	23,000	IPCA + 7.0% a.a.	out/16	jan/24	25,680	10.53%
Equatorial Pará	3ª	(2)/(3)/(4)/(5)	1ª	199,069	IPCA + 6.7% a.a.	nov/16	dez/21	225,534	10.22%
Equatorial Pará	3ª	(2)/(3)/(4)/(5)	2ª	100,931	IPCA + 6.87% a.a.	nov/16	dez/23	114,460	10.40%
Equatorial Pará	4ª	(2)/(3)/(4)/(5)	Single	500,000	116% do CDI a.a.	dez/16	dez/19	Settled on dez/19	-
Equatorial Pará	5ª	(2)/(3)/(4)	1ª	543,033	CDI + 1.10% a.a.	abr/18	abr/23	550,131	6.60%
Equatorial Pará	5ª	(2)/(3)/(4)	2ª	456,967	CDI + 1.30% a.a.	abr/18	abr/23	468,054	6.81%
Equatorial Maranhão	4ª	(1)/(3)/(4)	2ª	178,620	IPCA + 5.9% a.a.	set/12	jun/20	95,631	9.40%
Equatorial Maranhão	7ª	(1)/(3)/(4)	1ª	155,000	IPCA + 5.8% a.a.	nov/16	out/21	179,040	8.96%
Equatorial Maranhão	7ª	(1)/(3)/(4)	2ª	115,000	IPCA + 5.54% a.a.	nov/16	out/23	127,582	9.03%
Equatorial Maranhão	8ª	(1)/(3)/(4)	Single	500,000	107% do CDI	out/17	set/22	500,348	5.82%
Equatorial Piauí	1ª	(1)/(2)/(3)	Single	400,000	109.8% do CDI	dez/18	dez/21	405,707	5.97%
Equatorial Piauí	2ª	(1)/(2)/(3)	Single	650,000	CDI + 1.10% a.a.	mai/19	mai/23	630,321	6.60%
SPE 1	1ª	(1)/(3)/(4) (5)	Single	55,000	IPCA + 4.85% a.a.	fev/19	jan/33	57,825	8.31%
SPE 2	1ª	(1) (3) (4) (5)	Single	45,000	IPCA + 4.85% a.a.	fev/19	jan/33	47,294	8.31%
SPE 3	1ª	(1)/(3)/(4) (5)	1ª	45,000	IPCA + 4.80% a.a.	fev/19	jan/33	49,745	8.26%
SPE 3	1ª	(1)/(3)/(4) (5)	2ª	45,000	IPCA + 4.65% a.a.	fev/19	jan/34	44,583	8.11%
SPE 5	1ª	(1) (3) (4) (5)	Single	66,000	IPCA + 4.85% a.a.	mai/19	abr/39	66,888	8.31%
SPE 7	2ª	(1)/(3)/(4) (5)	1ª	185,000	114.6% do CDI	mai/18	nov/19	Settled on nov/19	8.31%
SPE 7	2ª	(1)/(3)/(4) (5)	Single	130,000	IPCA + 4.85% a.a.	jun/17	abr/39	137,918	8.31%
SPE 8	1ª	(1)/(3)/(4) (5)	1ª	102,000	IPCA + 4.85% a.a.	abr/19	abr/39	109,163	8.31%
SPE 8	2ª	(1) (3) (4) (5)	2ª	87,000	IPCA + 4.85% a.a.	abr/19	abr/39	83,025	8.31%
INTESA	1ª	(1)/(3)/(4) (5)	1ª	100,000	IPCA + 5.42% a.a.	nov/18	out/25	104,966	8.90%
INTESA	1ª	(1) (3) (4) (5)	2ª	100,000	CDI + 2.2% a.a.	nov/18	out/25	Settled on mai/19	-
INTESA	2ª	(1)/(3)/(4)	1ª	250,000	109% a.a. do CDI	mai/19	mar/24	248,442	5.93%
INTESA	2ª	(1)/(3)/(4)	2ª	150,000	CDI + 1.10% a.a.	mai/19	mar/26	150,028	6.60%

(1) Public simple debenture issuance

(2) Private simple debenture issuance

(3) Nonconvertible into shares

(4) Ordinary

(5) Incentivized debentures

Issuers of incentivized debentures, pursuant to article 2 of Law No. 12,431 dated June 24, 2011, amended by Decree No. 8,874 dated October 11, 2016, under the National Monetary Council's Resolution no. 3,947 dated January 27, 2011 January 2011, mandatorily require applying all the funds raised through the Debenture Issues in covering expenses already incurred and/or to be incurred in connection with Projects Qualified by the MME- Ministry of Mines and Energy, in which there are no defined deadlines for investing such funds.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

The debentures' balances and the main contractual conditions are broken down as follows:

Operations	Balance		No. of debentures issued	Yields	Maturity	Amortization of principal
	03/31/2020	12/31/2019				
Equatorial Energia						
2 nd issue / 2 nd series	116,592	113,693	104,500	IPCA+5.77% p.a	Nov/24	Nov/23
3 rd Issue	461,433	455,330	448,000	CDI+1.3% p.a.	Oct/24	Oct/24
Equatorial Pará						
2 nd issue / 1 st series	68,532	71,846	60,000	IPCA+8.04% p.a	Jan/24	Jan/22
2 nd issue / 1 st series	25,680	26,725	23,000	IPCA+7.0% p.a	Jan/24	Jan/22
3 rd issue / 1 st series	227,715	221,523	199,069	IPCA+6.7% p.a	Dec/21	Dec/21
2 nd issue / 1 st series	115,508	112,322	100,931	IPCA+6.87% p.a	Dec/23	Dec/23
5 th issue / 1 st series	555,742	548,679	543,033	CDI+1.1% p.a.	Apr/23	Apr/23
2 nd issue / 1 st series	468,054	461,881	456,967	CDI+1.3% p.a.	Apr/23	Apr/23
Equatorial Maranhão						
4 th issue / 2 nd series	95,717	92,940	178,620	IPCA+5.9% p.a	Jun/20	Jun/20
7 th issue / 1 st series	179,040	174,111	155,000	IPCA+5.48% p.a	Oct/21	Oct/21
7 th issue / 2 nd series	132,872	129,195	115,000	IPCA+5.54% p.a	Oct/23	Oct/23
8 th Issue	500,868	507,817	500,000	107% of CDI	Sept/22	Sept/22
Equatorial Piauí						
1 st Issue	405,707	401,235	400,000	109.75% of CDI	Dec/21	Dec/21
2 nd Issue	631,067	623,047	620,000	CDI+1.1% p.a.	May/23	May/22
Equatorial Transmissão 1 SPE						
1 st Issue	60,833	59,245	55,000	IPCA+4.85% p.a	Jan/33	Jul/23
Equatorial Transmissão 2 SPE						
1 st Issue	49,772	48,473	45,000	IPCA+4.85% p.a	Jan/33	Jul/23
Equatorial Transmissão 3 SPE						
1 st issue / 1 st series	49,745	48,452	45,000	IPCA+4.8% p.a	Jan/33	Jul/23
1 st issue / 2 nd series	49,663	48,389	45,000	IPCA+4.65% p.a	Jan/34	Jul/23
Equatorial Transmissão 5 SPE						
1 st Issue	70,634	68,791	66,000	IPCA+4.85% p.a	Apr/39	Apr/23
Equatorial Transmissão 7 SPE						
2 nd Issue	139,128	135,497	130,000	IPCA+4.85% p.a	Apr/39	Apr/23
Equatorial Transmissão 8 SPE						
1 st issue / 1 st series	109,162	106,313	102,000	IPCA+4.85% p.a	Apr/39	Apr/23
1 st issue / 2 nd series	93,109	90,679	87,000	IPCA+4.85% p.a	Apr/39	Apr/23
INTESA						
1 st issue / 1 st series	107,612	104,665	100,000	IPCA+5.42% p.a	Nov/25	16/2023
2 nd issue / 1 st series	250,038	253,379	250,000	109% of CDI	Mar/24	Mar/24
2 nd issue / 2 nd series	150,027	152,281	150,000	CDI+1.1% p.a.	Mar/26	Mar/26

17.2 Debt amortization schedule

Parent Company

	03/31/2020	
	Amount	%
Maturity		
Current	14,199	2%
2023	57,115	10%
2024	505,515	88%
Noncurrent	562,630	98%
Arrangement costs (Noncurrent)	(4,309)	(1%)
Total noncurrent	558,321	98%
Total	572,520	100%

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Consolidated

	03/31/2020	
	Amount	%
Maturity		
Current	170,730	3%
2021	818,540	16%
2022	840,924	17%
2023	1,686,328	33%
2024	843,514	17%
2024 onwards	745,744	15%
Noncurrent	4,935,050	97%
Arrangement costs (Noncurrent)	(42,881)	(1%)
Total noncurrent	4,892,169	97%
Total	5,062,899	100%

17.3 Covenants

The debentures are subject to covenants that, in general, require the maintenance of certain financial ratios at certain levels, in the period ended March 31, 2020, as listed in the tables below:

Equatorial Pará

Covenants debêntures

1st Net Debt/ EBITDA: <3.5

2nd EBITDA/Net financial expense: >2

2nd debentures

2.3

5.7

Covenants debentures

1st Net Debt/ EBITDA: <3.5

2nd EBITDA/Net financial expense: >=1.5

3rd debentures

1.9

6.7

Covenants debêntures

1st Net Debt/ EBITDA: <= 4

5th debentures

1.9

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Equatorial Maranhão

<i>Covenants debentures</i>	4th debentures	7th debentures	8th debentures
1 st Net Debt/ EBITDA : <=3.25	1.0	1.0	1.0
2 nd EBITDA/Net financial expense: >=1.5	45.0	45.0	45.0

Equatorial Energia

<i>Covenants debentures</i>	2nd debentures	3rd debentures
1 st Net Debt/ EBITDA : <=4.0	1.9	1.9

INTESA

<i>Covenants debentures</i>	1st debentures	2nd debentures
1 st Net Debt/ EBITDA : <=4.5	2.0	2.0

The Company is the guarantor of the following issues, in which the covenants are calculated on a consolidated basis, as under:

<i>Covenants debentures</i>	PI	SPE 07	SPE 08
1 st Net Debt/ EBITDA : <=4.0	1.9	1.9	1.9

<i>Covenants debentures</i>	SPE 01	SPE 02	SPE 03	SPE 05	SPE 07	SPE 08
1 st Net Debt/ EBITDA : <=4.5	1.9	1.9	1.9	1.9	1.9	1.9

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

18 Taxes and contributions payable

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
ICMS	6	-	312,452	384,563
ICMS financing	-	-	16,208	16,008
Federal PRT financing PRT	2,338	2,338	2,338	2,338
PIS and COFINS	127	227	63,514	88,027
PIS and COFINS financing	-	-	21,765	19,911
INSS on services	-	-	588	331
Income and contribution taxes	-	-	671	-
FGTS financing	-	-	398	-
Social charges and other	158	188	24,614	27,712
ISS	6	2	21,212	25,462
Other	-	6	-	-
Total	<u>2,635</u>	<u>2,761</u>	<u>463,760</u>	<u>564,352</u>
Noncurrent				
ICMS	-	-	122,956	122,956
FGTS financing	-	-	2,287	2,268
PIS and COFINS financing	-	-	34,570	39,349
ICMS financing	-	-	64,239	67,670
ISS	-	-	4,201	3,096
Total	<u>-</u>	<u>-</u>	<u>228,253</u>	<u>235,339</u>
	<u>2,635</u>	<u>2,761</u>	<u>692,013</u>	<u>799,691</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

19 Deferred income and social contribution taxes

Breakdown of deferred income and social contribution tax

	03/31/2020	12/31/2019
Assets of:		
Tax loss	111,049	123,694
Negative basis	26,529	26,529
	<u>137,578</u>	<u>150,223</u>
Temporary differences		
Provision for contingencies	157,165	159,494
Provision for impairment in Trade accounts receivable	200,117	205,688
Provision for pension fund	12,367	12,367
Provision for profit-sharing	17,566	15,728
Construction cost – CPC 47/IFRS 15	1,477,839	1,362,466
New Replacement Value - VNR	1,318	1,552
Nontechnical losses	24,357	24,357
Write-off of property, plant and equipment - Acquisition Equatorial Pará	28,193	24,866
Contingencies and debt charges - Acquisition Equatorial Pará, Equatorial Alagoas and Equatorial Piauí	103,616	107,934
Other accounts payable - PLPT - acquisition Equatorial Pará	8,665	9,150
Other temporary differences	660	16,468
	<u>2,031,863</u>	<u>1,940,070</u>
Total	<u>2,169,441</u>	<u>2,240,516</u>
Credit liabilities on:		
Temporary differences		
Accelerated depreciation	(615,969)	(624,932)
Restatement of Financial Assets	(227,256)	(223,577)
SWAP	(105,039)	(11,412)
Construction Revenue – CPC 47/IFRS 15	(2,480,325)	(2,187,705)
Lease - CPC 06(R2)/IFRS 16	(648)	(1,130)
Art. 69 of Law 12.973/2014 - Balance of fixed quota	(16,512)	(16,512)
Adjustment to Present Value - AVP	(97,542)	(98,154)
Deferral public agencies	(9,382)	(9,382)
Revaluation of fixed assets	(46,558)	(48,564)
Actuarial provision	(3,675)	(3,675)
Reversal of provisions	(113,386)	(129,044)
Intangible assets - concession - Acquisition Equatorial Pará	(29,845)	(26,368)
Other	(5,691)	(17,224)
Total	<u>(3,751,828)</u>	<u>(3,397,679)</u>
Total deferred tax liabilities recorded	<u>(1,582,387)</u>	<u>(1,157,163)</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

19 Deferred income tax and social contributions—Continued

Change in deferred taxes

	12/31/2019	Net income	03/31/2020	Deferred tax assets	Deferred tax liabilities
IRPJ tax losses	123,694	(12,645)	111,049	111,049	-
Negative Base - CSLL	26,529	-	26,529	26,529	-
Contingencies	159,494	(2,329)	157,165	157,165	-
Allowance for doubtful accounts	205,688	(5,571)	200,117	200,117	-
AVP - Adjustment to present value	(98,154)	612	(97,542)	-	(97,542)
Indexation of financial assets	(222,025)	(5,231)	(227,256)	-	(227,256)
Construction cost – CPC 47/IFRS 15	1,276,474	201,365	1,477,839	1,477,839	-
Leases - CPC 06 (R2)/IFRS 16	(636)	(12)	(648)	-	(648)
Accelerated depreciation	(624,932)	8,963	(615,969)	-	(615,969)
SWAP	(11,412)	(93,627)	(105,039)	-	(105,039)
Provision for pension fund	12,367	-	12,367	12,367	-
Provision for profit-sharing	15,728	1,838	17,566	17,566	-
Technical losses	24,357	-	24,357	24,357	-
Actuarial provision	(3,675)	-	(3,675)	-	(3,675)
Other	(620)	(1,554)	(5,691)	-	(5,691)
Construction Revenue – CPC 47/IFRS 15	(2,102,438)	(377,887)	(2,480,325)	-	(2,480,325)
Deferral public agencies	(9,382)	-	(9,382)	-	(9,382)
Article 69 of Law No. 12973/2014 – Fixed quota balance	(16,512)	-	(16,512)	-	(16,512)
IFRS 15	725	409	1,134	1,134	-
IFRS 16	(494)	1,338	844	844	-
Write-off of deferred assets	(129,044)	15,658	(113,386)	-	(113,386)
Write-off of property, plant and equipment - Acquisition EQTL Pará	28,143	50	28,193	28,193	-
Contingencies and debt charges - Acquisition EQTL Pará, Alagoas and Piauí	107,998	(4,382)	103,616	103,616	-
Other accounts payable - PLPT - acquisition EQTL Pará	9,150	(485)	8,665	8,665	-
Intangible assets - goodwill concession - Acquisition EQTL Pará	(29,845)	-	(29,845)	-	(29,845)
Revaluation reserve	(48,564)	2,006	(46,558)	-	(46,558)
Total	(1,307,386)	(271,484)	(1,582,387)	2,169,441	(3,751,828)

Expected recovery - Carryforward of tax loss and negative base

Based on technical feasibility studies, subsidiary Management estimates that these tax credits of the indirect subsidiary Equatorial Pará's can be realized by 2022, as shown below:

Prospect of realization	2020	2021	2022	Total
Deferred income and social contribution taxes	33,213	77,172	27,193	137,578

On March 31, 2020 indirect subsidiary Equatorial Pará had a realizable sum of R\$ 137,358 in deferred taxes on tax losses and negative base. Realization projections for deferred income tax assets considered SUDAM tax benefits of a 75% reduction in IRPJ rate, effective until 2027.

A technical feasibility study, which includes the recovery of deferred taxes and is revised on an annual basis, was prepared by the Company and reviewed by the Audit Committee and approved by the Company's Board of Directors.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

19 Deferred income tax and social contributions—Continued

Reconciliation between the income and social contribution tax expense

The reconciliation of expenses, calculated by applying the relevant tax rates and the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) expense charged to consolidated profit or loss during the periods ended March 31, 2020 and 2019, is shown below:

Parent Company	03/31/2020		03/31/2019	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	439,957	439,957	212,780	212,780
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	109,989	39,596	53,195	19,150
Additions:				
Provision for profit-sharing	-	-	560	202
Equity income	10,261	3,694	11,937	4,297
Other provisions	3,611	1,299	86	31
Total additions	13,872	4,993	12,583	4,530
Exclusions:				
Equity income	(130,474)	(46,970)	(80,900)	(29,124)
Other provisions	-	-	(31)	(30)
Total exclusions	(130,474)	(46,970)	(80,931)	(29,154)
Tax deductibility (limit mandated by law)	(6,613)	(2,381)	(15,153)	(5,474)
Total IRPJ and CSLL in period	-	-	-	-

Consolidated	03/31/2020		03/31/2019	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	815,344	815,344	370,676	370,676
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	203,836	73,381	92,669	33,361
Additions:				
Provision for contingencies	(3)	(2)	59,264	21,336
Provision for impairment of accounts receivable	-	-	108,177	38,944
Expected allowance for doubtful accounts	165,407	59,545	-	-
New Replacement Value - VNR	1,001	360	-	-
Adjustment to present value	4,330	1,559	2,707	975
SWAP variance	1,013	365	40,721	14,660
IRPJ and CSLL on revaluation reserves	1,475	531	1,614	581
Profit sharing, fees and license premium	-	-	3,564	1,283
Provision for profit-sharing	3,502	1,260	8,530	3,071
Provision for asset recovery	-	-	4,254	1,531
Fines and penalties for violations	430	155	696	251
Equity income	-	-	11,937	4,297
Construction cost – CPC 47/IFRS 15	146,489	52,734	-	-
Leases - CPC 06 (R2)/IFRS 16	1,553	559	-	-
Provision for pension fund	-	-	10,935	3,937
Nontechnical losses	-	-	6,759	2,433
Funding cost and restatement of financial asset	-	-	1,644	592
Accelerated depreciation	8,963	-	-	-
Other provisions	66,139	30,555	158,236	54,875
Total additions (B)	400,299	147,621	419,038	148,766

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Exclusions:				
Provision for contingencies	(930)	(335)	(65,019)	(23,407)
Provision for impairment of accounts receivable	-	-	(99,680)	(35,885)
Expected allowance for doubtful accounts	(162,751)	(58,590)	(7,149)	(2,574)
Profit sharing, fees and license premium	-	-	(6,028)	(2,170)
Adjustment to present value	(1,774)	(638)	-	-
SWAP variance	(92,065)	(33,143)	(42,478)	(15,292)
Construction revenue- CPC 47/IFRS 15	(252,691)	(90,969)	-	-
IFRS 15	352	127	-	-
IFRS 16	(1,040)	(374)	-	-
Provision for pension fund	-	-	(10,935)	(3,937)
Provision for profit-sharing	-	-	(10,348)	(3,725)
Provision for asset recovery	-	-	(4,254)	(1,531)
Funding cost and restatement of financial asset	-	-	(11,380)	(4,096)
Equity income	(23,584)	(14,166)	(8,812)	(6,377)
Accelerated depreciation	-	-	(6,915)	-
New Replacement Value - VNR	(5,970)	(2,148)	-	-
Other provisions	(8,846)	(3,184)	(183,635)	(62,530)
Total Exclusions (C)	<u>(549,299)</u>	<u>(203,420)</u>	<u>(456,633)</u>	<u>(161,524)</u>
Offsetting negative basis	(12,773)	(34)	(14,560)	(1,522)
PAT Incentive	(527)	-	(731)	-
Incentive for extended maternity leave	(11)	-	(15)	-
Prior year IRPJ expense	-	-	(64)	-
Total offsetting (D)	<u>(13,311)</u>	<u>(34)</u>	<u>(15,370)</u>	<u>(1,522)</u>
IRPJ - government grants	<u>(29,902)</u>	<u>-</u>	<u>(35,192)</u>	<u>-</u>
Total other deductions (E)	<u>(29,902)</u>	<u>-</u>	<u>(35,192)</u>	<u>-</u>
Current IRPJ and CSLL in P&L for the period (A+B+C+D+E)	<u>11,623</u>	<u>17,548</u>	<u>4,512</u>	<u>19,081</u>
Deferred IRPJ and CSLL in P&L for the period	<u>201,870</u>	<u>69,614</u>	<u>68,701</u>	<u>20,640</u>
Total current and deferred IRPJ and CSLL for the period	<u>213,493</u>	<u>87,162</u>	<u>73,213</u>	<u>39,721</u>
Effective rate with deferred tax assets	26%	11%	20%	11%

19.1 Breakdown of PIS and COFINS deferred

	03/31/2020	12/31/2019
Liabilities		
Deferred PIS on construction revenue (a)	(139,914)	(122,909)
Deferred COFINS on construction revenue (a)	(643,994)	(563,050)
PIS on CVA (b)	(28,449)	(28,449)
COFINS on CVA (b)	(131,038)	(131,038)
Other deferred taxes	<u>(12,317)</u>	<u>(12,451)</u>
Total deferred tax liabilities	<u>(955,712)</u>	<u>(860,503)</u>

- (a) The deferral of PIS and COFINS is related to 9.25% of construction revenue. The settlement of this deferred obligation will occur as the subsidiaries Equatorial Transmissão and INTESA receive the counterpart determined in the concession agreement.
- (b) The deferred PIS and COFINS calculation of the subsidiary Equatorial Alagoas calculated on asset and liability provisions (cash effect).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

20 Payables from judicial reorganization – Equatorial Pará

On December 1, 2014, the Belém 13th Civil Court Judge decreed, based on Articles 61 and 63 of Law 11,102/05, after a decision by the Court Administrator and the Public Prosecutor, the end of Equatorial Pará's judicial recovery. This sentence puts an end to the court's follow-up stage of compliance with the plan and removes legal restrictions on the recovery. The recovery plan negotiated and approved by the creditors during the proceedings remains fully valid and enforceable, which means that the special conditions agreed on for liabilities will remain in effect. These liabilities will only end on their full compliance.

The decision to terminate is taking effect normally, but has not been definitely judged yet as it has been the subject of two appeals, filed by creditors Petróleo Brasileiro S/A and Pine S/A; the appeal questions R\$ 250 in interest and fines resulting from a delay regarding payment of the appellant's installments in Petrobrás Distribuidora's account. The principal amounts were settled, with only the issue on interest and inflation updating pending. In November 2017 the company undersigned an agreement with Banco Pine, which ended up in the withdrawal of its appeal and the closing sentence. The other appeal relates solely to payment of interest and inflation updating in compliance with the plan's liabilities. Pursuant to the matter, we believe that this appeal's likelihood of success is remote, as supported by a Legal Opinion from the legal counsel in charge of the suit. We believe that the matter will be considered within a period of 24 to 36 months, when conclusion of the court recovery will be definitely judged.

20.1 Debt breakdown

	03/31/2020	12/31/2019
Current		
Sector charges	1,248	1,428
Financial creditors (a)	6,894	20,847
Total	<u>8,142</u>	<u>22,275</u>
Noncurrent		
Inter-company	83,853	83,669
Financial creditors (a)	1,055,960	1,050,581
(-)Adjustment to present value (b)	<u>(279,436)</u>	<u>(284,626)</u>
Total	<u>860,377</u>	<u>849,624</u>
Total	<u><u>868,519</u></u>	<u><u>871,899</u></u>

(a) This is the group of creditors which include: (i) public or private financial institutions; (ii) holders of credits deriving from financial or bank transactions, including but not limited to Bonds and derivatives credits, which may or may not underlie receivables; e

(b) As of December 31, 2019, the balance consists of: R\$ 257,685 of loans and financing, R\$ 21,751 inter-company (As of December 31, 2019, the balance of the R\$ 262,391 of loans and financing, R\$ 22,234 inter-company).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

20 Payables from judicial reorganization – Equatorial Pará--Continued

The schedule of long-term payments under judicial reorganization relief is as follows:

Maturity	03/31/2020	
	Amount	%
Current	8,142	1%
2021	81,039	9%
2022	8,843	1%
2023	8,160	1%
2023 onwards	1,041,771	120%
Subtotal	1,139,813	131%
(-) Adjustment to present value (Noncurrent)	(279,436)	(32%)
Noncurrent	860,377	99%
Total	868,519	100%

20.2 Changes in payables under judicial reorganization relief

	12/31/2019	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	03/31/2020
Intercompany	62,861	1,449	-	(1,445)	483	63,348
Financial creditors	809,038	9,092	5,379	(23,044)	4,706	805,171
Total	871,899	10,541	5,379	(24,489)	5,189	868,519

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

21 Sector charges CCC – Equatorial Pará

The Fossil Fuel Consumption Account was created by Decree 73102 on November 7, 1973 for the purpose of consolidating the apportionment of the fuel consumption costs of thermal power generation in islanded systems, especially in the North of Brazil. Act 12111 was promulgated on December 9, 2009 to provide reimbursement for electric power generation costs in Islanded Systems, including the cost of contract power supply and contract power related to own generation for servicing power distribution utilities, power sector charges and taxes and capital expenditure, which reimbursement is made through the "CCC" account. Among the sums refunded by the Fossil Fuel Consumption Account - CCC are taxes (ICMS, PIS and COFINS) not offset on fuel and electricity purchases.

As of March 31, 2020, Equatorial Pará has a credit at CCC of R\$ 105,614 (R\$ 105,467 on December 31, 2019). The credits above are registered at their historical amount. No records of charges for late pass-throughs of costs to customers were recorded.

Among the sums refunded by the Fossil Fuel Consumer Account - CCC are taxes (ICMS, PIS and COFINS) not offset on fuel and electricity purchases, but as provided for in §§10 and 11 of Art. 36:

“Beneficiaries of CCC and the Coal Sub-account will be entitled to a cost refund arising from non-offset ICMS and PIS/PASEP and COFINS credits related to the monthly expenditures with fuels and contracts calculated based on energy actually generated and measured in the SCD, pursuant to the terms and conditions defined in this Resolution.

§ 10. The monthly differences in refunds of non-recovered tax credits from one fiscal year will be calculated by May 15 of the year following the accrual year, considering that each monthly installment should be updated using the respective IPCA index.

§ 11. CCEE shall establish in the Sectoral Accounts Procedure the appropriate procedures for refunding to CCC or to the beneficiary of the differences found in the use of ICMS and of PIS/PASEP and COFINS credits for the preceding fiscal year”. (ANEEL REN 801/2017).

At March 31, 2020, the Company restated R\$ 4,286 relating to the refund of these taxes credited on the purchase of fuel to generate electricity in isolated systems. As of March 31, 2020, the Company stated an amount of R\$ 364,425 (R\$ 360,139 as of December 31, 2019).

Nonetheless, Eletrobras has not defined a specific procedure for the refund of such taxes, even when notified by Equatorial Pará. Hence on September 29, 2016, by means of Correspondence no. 530/2016 - SFF (Superintendence of Economic and Financial Inspection), ANEEL started an inspection procedure on funds managed by Eletrobras, and therefore these sums are awaiting this inspection's conclusion.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

21 Sector charges CCC – Equatorial Pará--Continued

Equatorial Pará estimates that the inspection proceedings will be finalized between 2021 and 2022, yet ANEEL has not determined the deadlines for the inspection's conclusion.

	03/31/2020	12/31/2019
Noncurrent		
CCC Sector charges	364,425	360,139
(-) Acquisition of CCC fuel	(105,614)	(105,467)
Total	<u>258,811</u>	<u>254,672</u>

22 Provision for civil, tax, labor and regulatory claims (Consolidated)

The Company and its subsidiaries figure as defendants in legal and administrative proceedings in various courts and government agencies, involving tax, labor, civil and other matters arising from their ordinary course of business.

Based on the information provided by their legal advisors, on the review of unsettled litigation, and on past experience in case of labor disputes, the subsidiaries' management set up a provision at an amount considered sufficient to cover estimated probable losses on existing proceedings, as follows:

	03/31/2020		12/31/2019	
	Provision	Judicial deposits	Provision	Judicial deposits
Civil	736,497	157,556	755,197	154,900
Tax	240,961	59,415	236,299	56,790
Labor	292,095	90,664	294,629	90,537
Regulatory	<u>6,184</u>	<u>-</u>	<u>6,122</u>	<u>-</u>
Total	<u>1,275,737</u>	<u>307,635</u>	<u>1,292,247</u>	<u>302,227</u>
Current	252,484	3,264	254,775	3,052
Noncurrent	1,023,253	304,371	1,037,472	299,175

Changes in proceedings in the year (Consolidated)

	31/12/2019	Additions (1)	Usage (2)	Reversal of provision (3)	Indexation (4)	31/03/2020
Civil	755,197	16,706	(18,343)	(19,311)	2,248	736,497
Tax	236,299	2,241	(1)	(93)	2,515	240,961
Labor	294,629	1,561	(1,316)	(5,000)	2,221	292,095
Regulatory	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>6,184</u>
Total	<u>1,292,247</u>	<u>20,508</u>	<u>(19,660)</u>	<u>(24,404)</u>	<u>7,046</u>	<u>1,275,737</u>

- (1) Contingencies provisioned for in the period;
(2) Effective expense (payments) on judicial contingencies;
(3) Reversals made in the period; and
(4) Monetary restatement.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Civil

The Company and its subsidiaries are defendants in 44,371 civil proceedings as of March 31, 2020 (45,001 claims as of December 31, 2019), including 16,072 cases being heard by special courts (16,099 as of December 31, 2019) and largely relating to claims for property and moral damages as well as reimbursement of amounts paid by consumers.

The most significant civil proceedings involve claims for damages relating to injuries involving the distribution system, power outages, deaths from electric shock or damages arising from the termination of contracts with suppliers.

In addition to the processes provisioned for, other civil contingencies amounting to R\$ 611,355 as of March 31, 2020 (R\$ 4,589,040 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Civil contingencies (probable chance of defeat)	03/31/2020	12/31/2019
Failure in supply	101,819	100,350
Incorporation of grid	4,144	4,227
Reimbursement of works	20,753	21,827
Death by electrocution	110,032	109,720
Incorrect collection	121,072	133,766
Contractual adjustment	6,324	6,058
Questioned fraud	44,417	44,531
Collection	1,291	1,270
Undue cut-off	12,557	12,491
Accident involving a third party	41,821	44,463
Lack of service	16,215	18,466
Breach of contract	122,035	121,851
SPC/SERASA	2,567	2,775
Fire	6,083	5,872
DNAEE Ordinance	2,354	2,308
Accidents with animals	1,458	1,621
Electrical damage	687	738
Nonelectrical damage	984	1,030
Easement	1,065	1,027
Regulatory	88,086	88,083
Other	30,733	32,723
Total	736,497	755,197

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Civil contingencies (possible chance of defeat)	03/31/2020	12/31/2019
Indemnity for material damage	-	3,932,397
Failure in supply	36,605	570
Death by electrocution	12,822	13,258
Adjusting grid	30,000	30,000
Accident involving a third party	5,041	5,209
Tenders	2,629	2,631
Breach of contract	254,529	253,534
Relisting of public lighting	7,948	7,633
Collection	318	317
Accidents with animals	199	237
Fire	27,922	27,922
DNAEE Ordinance	12,330	12,330
Incorrect collection	98,657	178,725
Burnt out equipment	1,257	1,256
Questioned fraud	1,677	1,681
Undue cut-off	2,084	2,045
Lack of service	5,228	6,455
Regulatory	92,097	92,097
Electrical damage	-	5
Other	20,012	20,738
Total	611,355	4,589,040

Tax

The Company and its subsidiaries are defendants in 575 tax claims as of March 31, 2020 (571 as of December 31, 2019) amounting to R\$ 240,961 (R\$ 236,299 as of December 31, 2018).

In addition to the proceedings provisioned for, as mentioned earlier, other tax contingencies amounting to R\$ 212,694 (R\$ 211,090 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Tax contingencies (probable chance of defeat)	03/31/2020	12/31/2019
ISS	277	277
ICMS	32,052	31,236
CIP	113	203
Tax debit	1,780	1,749
PIS/COFINS	55,128	53,102
Economic plans	146,745	146,745
Other	4,866	2,987
Total	240,961	236,299

Tax contingencies (probable chance of defeat)	03/31/2020	12/31/2019
PIS/COFINS	7,227	7,227
ISS	2,720	2,720
ICMS	176,200	176,199
ICMS, PIS and COFINS	1,424	1,424
IPTU	19	19
ICMS, TUSD and TUST	350	350
CSLL, PIS and COFINS	377	377
Fine for infraction	7,833	7,833
PIS/COFINS pass-through on invoice	178	178
Débito tributário	166	158
CIP	60	60
Other	16,140	14,545
Total	212,694	211,090

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Labor

The labor liabilities as of March 31, 2020 of the Company and its subsidiaries currently consist of 4,156 claims (4,110 claims at December 31, 2019) or R\$ 292,095 (R\$ 294,629 at December 31, 2019) brought by former employees against the Company and its subsidiaries, with claims ranging from overtime, hazardous work bonuses, salary equality and/or reclassification, occupational diseases/reintegration, CIPA stability and other claims, as well as claims brought by the former employees of service providers (subsidiary liability) largely seeking severance pay.

In addition to the proceedings provisioned for, as mentioned earlier, other labor contingencies amounting to R\$ 93.257 (R\$ 78,138 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Labor contingencies (probable chance of defeat)	03/31/2020	12/31/2019
Overtime	28,050	28,452
Implementation positions, career and salaries plan	17,738	17,814
Joint liability	14,893	16,047
Occupational accidents	17,907	17,922
Occupational Illnesses	3,572	3,680
Bonus	1,353	1,340
Returning to employment	7,915	7,668
Pay rise	4,683	4,528
Working hours	1,732	1,716
Meal allowance	117,211	167
Sourcing	168	78
Heavy work allowance	79	117,084
Public procurements	3,303	3,722
FGTS	18,801	18,650
Health care plan	1,928	2,081
Voluntary severance	4,141	4,112
Severance pay	7,972	7,887
Life insurance	1,195	1,277
Provisional stability	238	235
Health hazard allowance	3,299	4,546
Moral harassment	-	70
Pain and suffering	5,108	5,120
Salary parity	1,973	1,848
PDI – Encouraged Redundancy Program	5,578	5,817
Disciplinary administrative proceeding	716	705
Other	22,542	22,063
Total	<u>292,095</u>	<u>294,629</u>

Labor contingencies (possible chance of defeat)	03/31/2020	12/31/2019
Difference Bresser's Plan	5,140	-
Overtime	3,749	2,067
Joint liability	45,364	44,633
Occupational accidents	4,921	4,751
Occupational Illnesses	5,490	872
Implementation positions, career and salaries plan	71	69
Returning to employment	565	566
Meal allowance	637	637
FGTS	641	399
Health care plan	101	101
Salary parity	4,632	4,494
Severance pay	1,105	1,164
Bonus	400	400
Illegal outsourcing	10,300	10,300
Health hazard allowance	220	182
Pain and suffering	4,587	4,205
Strikes	171	358
Other	5,163	2,940
Total	<u>93,257</u>	<u>78,138</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Regulatory

The amount to be provision for this item relates to the penalties likely to be imposed on the subsidiaries Equatorial Maranhão and Equatorial Pará in connection with:

- Violation Notices (AI) issued by the power sector regulator, ANEEL;
- Notices (TN) issued by the Electric Power Trading Chamber (CCEE) for power trading irregularities;
- Penalties applied by the National System Operator (NOS) for violations related to power system operations; and
- Administrative penalties imposed by consumer protection authorities.

The amounts of R\$ 6,184 (R\$ 6,122 at December 31, 2019) and R\$ 0.00 (R\$ 0.00 at December 31, 2019) correspond to the probable penalties to be applied against the subsidiaries Equatorial Maranhão and Equatorial Pará, respectively, referring to ANEEL's Notification and Notice of Infringement Terms, as well as the Border Measurement penalty in the CCEE.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

23 PIS/COFINS to be reimbursed to consumers

On March 2017, the “*Supremo Tribunal Federal (STF)*” published the Judgment of the Extraordinary Appeal, in a general repercussion, in a manner favorable to the Company's position, which also obtained a favorable court decision with final and unappealable decision in October 2018.

Equatorial Maranhão

Based on its legal counsel's opinion, on December 31, 2018 the Company stated: a recoverable assets regarding PIS/COFINS for R\$ 756,499, a R\$ 580,587 liability related to consumer refunds, R\$ 77,177 as a deduction from gross revenues in connection with PIS/COFINS and R\$ 98,685 in financial income, also subject to R\$ 4,589 in PIS/COFINS. On March 31, 2020 the Company made an addition to this entry with regard to updating the SELIC interest rate, stating assets of R\$ 5,248 (R\$ 34,153 on December 31, 2019), a R\$ 7,656 (R\$ 23,005 on December 31, 2019) liability related to consumer refunds, R\$ 4,758 (R\$ 6,631 on December 31, 2019) as a deduction from gross revenues with regard to PIS/COFINS, and R\$ 2,351 (R\$ 4,517 on December 31, 2019) as financial income, which was subject to R\$ 109 (R\$ 210 on December 31, 2019) in PIS/COFINS.

Equatorial Pará

Based on the opinion of its legal advisors, at March 31, 2020, the Company set up assets related to PIS/COFINS recoverable of R\$ 935,138 and liabilities of R\$ 935,138 related to reimbursement to its consumers.

Equatorial Piauí

Based on its legal counsel's opinion, on December 31, 2018 the Company recorded: a PIS/COFINS asset for R\$ 435,231, a R\$ 418,741 liability related to consumer refunds, R\$ 8,227 as a deduction from gross revenues in connection with PIS/COFINS and R\$ 8,263 in financial income, also subject to R\$ 384 in PIS/COFINS. On March 31, 2020 the Company made an addition to this entry with regard to updating the SELIC interest rate, stating assets of R\$ 3,348 (R\$ 27,300 on December 31, 2019), a R\$ 3,263 (R\$ 26,854 on December 31, 2019) liability related to consumer refunds, R\$ 0 (R\$ 8,227 on December 31, 2019) as a deduction from gross revenues with regard to PIS/COFINS, and R\$ 86 (R\$ 8,709 on December 31, 2019) as financial income, which was also subject to R\$ 4 in PIS/COFINS.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Equatorial Alagoas

Based on the opinion of its legal advisors, at December 31, 2019, the Company set up: asset related to PIS/COFINS in connection with reimbursement to its consumers, both in the amount of R\$ 290,234. This asset includes credits with the Brazilian IRS (RFB) from the beginning of the lawsuit, and the liability was established considering that the Company passes on to its consumers the tax effects on electricity bills.

The assets of the subsidiaries Equatorial Maranhão, Equatorial Piauí and Equatorial Alagoas include credits against the federal tax authorities since the case was filed. The liability was constituted considering that the subsidiaries Equatorial Maranhão, Equatorial Piauí and Equatorial Alagoas pass on to their consumers the tax effects on the electricity bills of the last 10 years. The refund to consumers will depend on the effective use of the credit and eventual definition of compensation mechanisms by ANEEL, in an expectation of approximately 46 months for the subsidiary Equatorial Maranhão, 36 months for the subsidiary Equatorial Pará, 46 months for the subsidiary Equatorial Piauí and 43 months for the subsidiary Equatorial Alagoas.

	03/31/2020				
	Equatorial Maranhão	Equatorial Pará	Equatorial Piauí	Equatorial Alagoas	Consolidated
Assets					
PIS and COFINS recoverable	761,934	935,138	465,879	295,117	2,458,068
Liabilities					
PIS/COFINS to be reimbursed to consumers	611,248	935,138	448,858	295,117	2,290,361
Net income					
(-) Deductions from revenue					
PIS/COFINS consumer reimbursable	(4,758)	-	-	-	(4,758)
(+) Financial revenue					
PIS/COFINS consumer reimbursable	2,351	-	86	-	2,437
(-) PIS/COFINS on financial revenue	(109)	-	(4)	-	(113)
Net effect on P&L before income and social contribution taxes	(2,516)	-	82	-	(2,434)

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

	2019			
	Equatorial Maranhão	Equatorial Piauí	Equatorial Alagoas	Consolidated
Assets				
PIS and COFINS recoverable	790,601	462,531	290,234	1,543,366
Liabilities				
PIS/COFINS to be reimbursed to consumers	603,592	445,595	290,234	1,339,421
Net income				
(-) Deductions from revenue				
PIS/COFINS consumer reimbursable	6,631	-	-	6,631
(+) Financial revenue				
PIS/COFINS consumer reimbursable	4,517	8,709	-	13,226
(-) PIS/COFINS on financial revenue	(210)	(405)	-	(615)
Net effect on P&L before income and social contribution taxes	10,938	8,304	-	19,242

PIS/COFINS expected to be reimbursed to consumers (Consolidated)

	03/31/2020	
	Amount	%
Current (a)	895,265	36%
2021	960,124	39%
2022	602,679	25%
Noncurrent	1,562,803	64%
Total	2,458,068	100%

- (a) The Company's subsidiaries have assets related to PIS/COFINS recoverable of R\$ 2,458,068 (R\$ 1,543,366 at December 31, 2019). This is based on the opinion of their legal advisors after publication of the Decision of the Appeal handed down by the Federal Supreme Court - STF, and supported by the favorable final decisions rendered on the Individual Actions.

As at March 31, 2010, the Company's subsidiaries have credits validated by the RFB and the balance classified in current assets in the amount of R\$ 895,265 (Equatorial Maranhão R\$ 274,854, Equatorial Pará R\$ 324,596, Equatorial Piauí R\$ 138,647 and Equatorial Alagoas R\$ 157,168) will be realized by offsetting the following federal taxes until the next year: IRPJ and CSLL taxes, PIS and COFINS and federal tax withholdings.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

24 Other accounts payable

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current				
Return to consumers	-	13	48,885	60,580
ANEEL - assessment notices	-	-	17,889	17,870
Collections arrangements	-	-	25,404	25,086
Electricity charges	-	-	770	406
Return Tranche 4 PLPT (a)	-	-	187,597	121,493
Regulatory fines	-	-	1,668	1,658
Guarantees	-	-	217	216
PIS/COFINS neutrality	-	-	41,503	14,684
Settlement with Municipal Government of Teresina (c)	-	-	31,692	33,472
Other appropriations of suppliers	-	-	3,705	54,924
Provisions CCC Marajó II (d)	-	-	11,346	11,346
Pension indemnification	-	-	590	605
AIC Eletrobras reimbursement (f)	-	-	9,736	-
Other accounts payable	-	2	26,887	30,808
Total current	-	15	407,889	373,148
Noncurrent				
Return to consumers	-	-	11,182	11,182
ANEEL - assessment notices (e)	-	-	35,343	35,842
Acquisition Equatorial Pará (b)	-	-	60,000	60,000
Settlement with Municipal Government of Teresina (c)	-	-	-	6,424
Case CODEVASF X CHESF	-	-	52,353	60,478
Reimbursement AIC Eletrobras (f)	-	-	154,092	154,092
Pension indemnification	-	-	10,490	10,595
Other accounts payable	16,450	16,450	45,155	48,555
Total noncurrent	16,450	16,450	368,615	387,168
Total	16,450	16,465	776,504	760,316

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

24 Other accounts payable--Continued

- (a) Primarily denotes the amounts of Equatorial PA as per the contract for Tranche 4 - ECFS-283/2010 of Eletrobras to perform the Light for All Program - PLPT which released R\$ 287,392. However, the concession operator realized just R\$ 250,440 and is obliged to return R\$ 36,953 to Eletrobras, as per the contract and Equatorial PI with the amount of R\$ 60,867 (the value to pay for investments in the Light for All Program, the Company received CDE funds, which were released and controlled in tranches, managed by Eletrobras. After Eletrobras completed and finalized tranches 2 and 4, the company is informed of the amount to be returned);
- (b) The amount estimated by Company Management upon the acquisition of the subsidiary Equatorial Pará for the balance to be reimbursed from the Light for All Program (PLPT). Current liabilities were reclassified to noncurrent in FY 2019, in order to comply with its nature.
- (c) Refers to Equatorial Piauí's extrajudicial agreement signed with the Municipality of Teresina-PI, aiming to terminate the lawsuit - Case No. 0001536-70.2004.4.01.4000, in which this Company had lost in the first and second instance, in the scope of Federal Court, and declared and recognized the parties to the agreement the amount of R\$ 94,470 to be offset, without monetary restatement, monthly, with the electricity bills of said municipality until the full discharge of the debt;
- (d) Equatorial PA signed a contract with the Electricity Trading Chamber (CCEE) for the interconnection of Ilha do Marajó. We did not use the total made available by the CCEE, and the remaining balance of R\$ 11,346 will be passed through to the Chamber after the Venture is finished;
- (e) This denotes balances of payments for regulatory fines of Equatorial Pará recorded as overdue federal liabilities financed in August 2012 and Regulatory Fines not recorded as overdue federal liabilities paid voluntarily in accordance with Law 12996/2014 in August 2014. The value of the installment incurs interest of 1% plus the variance of the Selic base interest rate; and;
- (f) This denotes the amount of reimbursement owed to the seller (Eletrobras) as payment of Property, plant and equipment in progress - AIC. When the share control is passed through, the share purchase and sale agreement stipulates that as the majority shareholder of the distribution company, the buyer should make sure that the distribution company has an evaluation carried out at the first rate review of the distribution company's assets recorded under Property, plant and equipment in progress - AIC - at the base date of the appraisal and which can be subject to future rate recognition ("Reimbursable AICs"). The balance denotes 50% of the contribution of each of the assets in the debt compensation base, as defined in the ANEEL Rate Regulation Procedures - PRORET, less any amounts recorded after the appraisal-based date of investments necessary to make these assets in progress property, plant and equipment. The Company regularly reviews the fair value of its financial instruments as per Note 32.3.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

25 Equity

25.1 Capital

Capital at March 31, 2020 is R\$ 2,741,931 (R\$ 2,741,931 at December 31, 2019). The authorized capital corresponds to 1,500,000,000 shares and its composition by class of shares, with no par value, and major shareholders is as follows:

Shareholders	ON	%
Squadra Investimentos	99,380,285	9.84%
Opportunity	97,634,195	9.66%
BlackRock	57,299,125	5.67%
CPPIB	50,539,100	5.00%
Other Non-controlling interests (NCI)	705,333,380	69.82%
Total	1,010,186,085	100%

25.2 Capital reserves

This reserve consists of options awarded and recognized by way of CVM resolution 562, issued December 17, 2008, which approved CPC 10/IFRS 2 Share-based Payment Transactions, and the change in the parent company's interest in a subsidiary that did not result in the loss of control, as determined by CPC 36 – Consolidated Statements.

The balance as of March 31, 2020 is R\$ 542,780 (R\$ 529.934 as of December 31, 2019).

25.3 Earnings per share

As required by CPC 41 and IAS 33 (Earnings per Share), the table below reconciles the net income for the year against the amounts used to calculate the basic and diluted net income per share .

	03/31/2020	12/31/2019
Numerator		
Net income for the year	439,957	2,415,630
Denominator		
1. Average weighted shares in the basic EPS calculation	1,010,186	1,010,511
2. Average weighted shares in the diluted EPS calculation (a)	1,010,511	1,010,511
Basic earnings for the year per lot of one thousand shares - R\$	0.43552	2.39050
Diluted earnings for the year per lot of one thousand shares - R\$	0.43538	2.39050

	03/31/2020	12/31/2019
(i) Dilution factor (a)		
3. Number of options available	21,125	21,125
4. Number of shares exercised	20,800	19,975
5. Exercisable years	4	4
6. Current exercisable shares	1	4
Dilutive effect ((3/6)-(3-4))	325	4,131

	03/31/2020	12/31/2019
(i) Dilution factor (a)		
3. Number of Stock Option shares (Plan 5)	2,120	2,120
5. Exercisable years	4	4
6. Current exercisable shares	1	1
Dilutive effect of Plan 5 ((3/6)-(3))	-	-
Average weighted shares in the diluted EPS calculation	1,010,511	1,010,511

(a) Derives from the Stock Options Plan (see note 25.4)

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

25.4 Stock option plan

The Company and its subsidiaries have two share-based plans in force as of March 31, 2020. (i) the Fourth Stock Option Plan and the (ii) Fifth Stock Option Plan. The plans entail the distribution of call options for Company shares to executives and employees of the Company and its subsidiaries.

The plans are administrated by the Company's Board of Directors, by way of a committee within the limits established in the Structuring and Preparation Guidelines for each Plan and the applicable legislation.

Fourth Stock Option Plan

In force since July 21, 2014, the Company's Fourth Stock Option Plan ("Plan Four") still has 626,250 outstanding options which will expire on July 21, 2020 if they are not subscribed.

Fifth Stock Option Plan

The Extraordinary General Meeting on July 22, 2019 approved the creation of Equatorial's Fifth Stock Option Plan ("Plan").

When stock options are exercised, the relevant shares are issued through a capital increase. Further details on the Plan can be obtained in the minutes of the relevant Extraordinary General Meeting, available on the Company's website and on the CVM website.

Beneficiaries

Plan beneficiaries may exercise their Options no later than 6 (six) months from the Granting Date. Options vest over a period of 4 (four) years, 25% each year. The plan was fully granted and the exercise term expires in July 2020.

17,947,500 options were awarded to Plan beneficiaries in March 2020 at the price of R\$ 20.42 (twenty reais and forty-two cents) per Option.

Fair value measurement

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

	03/31/2020
Fair value at grant date	6.78
Share price at grant date	22.08
Exercise price	20.42
Expected volatility (weighted-average)	22.96%
Expected life (weighted-average)	4.25
Risk-free interest rate (average based on government bonds)	6.40%

The Black & Scholes method was used to price the options on the date of the respective awards and end of year.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Reconciliation of the number of outstanding options (includes options of plans four and five)

	Number of options	Weighted average of exercise price	Number of options	Weighted average of exercise price
<i>In options</i>	03/31/2020	03/31/2020	12/31/2019	12/31/2019
Existing at 1 January	18,573,750	19.85	3,893,750	3.58
Exercised during the year	-	-	3,267,500	3.55
Granted during the year	-	-	17,947,500	20.42
Existing at end of period/year	18,573,750	19.85	18,573,750	19.85
Exercisable at end of period/year	626,250	3.39	626,250	3.39

The options existing at December 31, 2019 have an exercise price in the range of R\$ 3.39 to R\$ 20.42 (R\$ 3.39 on December 31, 2019) and a weighted-average contractual life of 5,6 years (6 years on December 31, 2019).

No purchase option was exercised in the period from 12/31/2019 to 03/30/2020.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

26 Net operating revenue (Consolidated)

The reconciliation between gross revenue and net revenue is as follows:

	03/31/2020	03/31/2019
Distribution		
Distribution revenue (a)	3,639,295	2,910,616
WACC financial remuneration	147,745	114,234
"A Component" revenue receivable (returnable) and other financial items (b)	(23,230)	54,006
CDE subsidy - Other	114,232	88,798
Electricity supply	3,878,042	3,167,654
Electricity delivery (c)	78,321	69,970
Availability revenue - Network usage (d)	109,519	214,257
Construction revenue	396,041	329,103
Indexation of financial assets (e)	20,261	62,098
Trading revenue	-	44,577
Operation and maintenance revenue	-	8,526
Other	47,875	59,887
	652,017	788,418
Subtotal Distribution	4,530,059	3,956,072
Transmission		
Electricity transmission operations	989	-
Construction revenue	837,777	643,077
Operation and maintenance revenue (f)	5,266	-
Restated in-service contract assets	242,602	-
Contract assets - realization loss/gain (g)	(41,193)	-
Other	2,341	35,461
Subtotal Transmission	1,047,782	678,538
Other		
Trading revenue	88,077	-
Other revenue	8,008	-
Subtotal Other	96,085	-
Gross operating revenue	5,673,926	4,634,610
Deductions from revenue		
ICMS on electricity sales	(823,615)	(673,104)
ICMS on CPC 47 / IFRS 15	932	-
PIS and COFINS	(491,745)	(403,593)
PIS/COFINS to be reimbursed to consumers	(6,631)	6,631
Consumer charges	(32,386)	(26,779)
ISS	(3,507)	(2,563)
Energy Development Account - CDE	(90,509)	(156,823)
DIF/FIC penalties and others	(17,939)	(16,676)
Other	(2,024)	(1,824)
Deductions from operating revenue	(1,467,424)	(1,274,731)
Net operating revenue	4,206,502	3,359,879

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

26 Net operating revenue (Consolidated)

- (a) Distribution revenue increased compared to the previous period due to the acquisition of subsidiary Equatorial Alagoas. The Company took control of the company at March 31, 2019;
- (b) The costs related to sector charges defined in specific legislation comprise transmission activities and those of electricity generation, including own generation;
- (c) The increase in revenue in the period from January to March 2020, when compared to the same period in 2019, was due to the volume of energy sold in the short-term market of 2020 being greater than 2019 when we analyze the first quarter, and the average PLD of 2020, which was higher in relation to the same prior-year period. Therefore, the largest volume sold and the highest average PLD of 2020 were responsible for a higher revenue in 2020;
- (d) Direct and indirect electricity distribution subsidiaries recognize revenue due to the availability of the electricity distribution network infrastructure to their free and captive customers. Such revenue is calculated according to the Distribution Grid Tariff - TUSD defined by ANEEL. The variation between the years is related to the increase in the migration of the number of customers from the captive environment to the free environment, as well as the acquisition of Equatorial Alagoas, which took place on March 31, 2019;
- (e) The efficiency gains obtained by the Subsidiaries in the process of reviewing the tariff values changed the cost and market structure, impacting the recognition of revenue from financial asset adjustment when compared to the previous period;
- (f) Operation and maintenance revenue refers to the start-up of the transmission companies, whose purpose is not to interrupt the availability of the facilities, paying for the operation and maintenance services of the electricity transmission facilities; and
- (g) Positive or negative variations in construction revenue and/or operating revenue, between the budgeted base vs. actual base. The amount stated in the line shows that the company was more efficient in the construction/operation, thus generating a gain or loss. The result is exclusively financial in nature, thus recognizing the part of the composition of the contract asset adopted while keeping the project margin unchanged.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

27 Service costs and operating expenses (Consolidated)

	03/31/2020				
	Cost of power supply service	Sales expenses	Administrative expenses	Impairment losses	Total (a)
Personnel	(57,855)	(20,349)	(73,158)	-	(151,362)
Material	(6,021)	(1,065)	(1,233)	-	(8,319)
Outsourced services	(76,906)	(54,578)	(62,698)	-	(194,182)
Electricity purchased for resale (b)	(1,396,040)	-	-	-	(1,396,040)
Charge for using transmission and distribution system	(276,385)	-	-	-	(276,385)
Construction cost	(896,873)	-	-	-	(896,873)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	(79,086)	(79,086)
Provision for civil, tax, labor and regulatory claims	-	-	(46)	-	(46)
Amortization	(136,168)	-	(23,866)	-	(160,034)
CCC Subsidy	(33,958)	-	-	-	(33,958)
Other	(7,767)	(1,078)	1,802	-	(7,043)
	<u>(2,887,973)</u>	<u>(77,070)</u>	<u>(159,199)</u>	<u>(79,086)</u>	<u>(3,203,328)</u>

	03/31/2019				
	Cost of power supply service	Sales expenses	Administrative expenses	Impairment losses	Total (a)
Personnel	(49,684)	(18,606)	(66,829)	-	(135,119)
Material	(3,978)	(278)	(1,979)	-	(6,235)
Outsourced services	(59,310)	(70,513)	(32,470)	-	(162,293)
Electricity purchased for resale (b)	(1,325,059)	-	-	-	(1,325,059)
Charge for using transmission and distribution system	(182,959)	-	-	-	(182,959)
Construction cost	(795,781)	-	-	-	(795,781)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	(49,200)	(49,200)
Provision for civil, tax, labor and regulatory claims	-	-	(8,487)	-	(8,487)
Amortization	(94,088)	-	(26,039)	-	(120,127)
CCC Subsidy	(6,039)	(1,334)	(546)	-	(7,919)
Other	(28,476)	-	-	-	(28,476)
Personnel	87	(560)	4,203	-	3,730
	<u>(2,545,287)</u>	<u>(91,291)</u>	<u>(132,147)</u>	<u>(49,200)</u>	<u>(2,817,925)</u>

(a) Distribution revenue increased compared to the previous period due to the impact of twelve months of operation of distributor Equatorial Alagoas; the Group started to have control of the company on March 31, 2019; and;

(b) See the breakdown of the cost of electricity purchased for resale, as per note 28.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

28 Electricity purchased for resale (Consolidated)

	GWh		R\$	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Auction energy (a)	5,174	3,952	(952,607)	(965,058)
Eletronuclear Contracts	194	152	(57,299)	(35,181)
Guarantee contracts	1,519	1,295	(173,668)	(147,064)
System Service Charges - ESS/ Energy reserve	-	-	4,348	17,959
Bilateral electricity	-	57	-	-
Short-Term Electricity - CCEE	56	-	(264,139)	(259,946)
Alternative source incentive program - PROINFA	105	97	(35,801)	(37,378)
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	160,715	138,498
Other costs	-	-	(77,589)	(36,889)
Subtotal	7,048	5,553	(1,396,040)	(1,325,059)
Charge for using transmission and distribution system (b)	-	-	(276,385)	(182,959)
Total	7,048	5,553	(1,672,425)	(1,508,018)

- (a) Considering only the expenses with the contracts (CCEAR-- Electricity Trading Contract in the regulated environment, MCS D - Leftovers and Deficits Compensation Mechanism, CCGF- Physical Guarantee Quotas and CCEN - Nuclear Energy Guarantee Quotas), contract volume increased by 7.7%, but the average price paid in 2020 decreased by 5.7% in relation to what was paid in the same period of 2019, due to the increase in the volume of CCEAR Energy contracts, and a smaller variable payment portion; and
- (b) Includes the costs of charges for the use and connection of the transmission system, which have tariffs adjusted by the Annual Permitted Compensation-- RAP resolution, therefore, in each year there is always the effect of two resolutions. The costs incurred in 2020 were higher than 2019 due to the tariffs approved in RAP resolution No. 2564 of June 19, 2019, which will remain in effect until July/2020 related to the Basic Grid and Connection, which had an increase of 22% in relation to previous resolution, incorporated into the 2019 annual tariff readjustment, as well as the 6% increase in the contracting of MUST (Amount of Use of the Transmission System) in relation to the 1st quarter of 2019.

29 Other net operating income (Consolidated)

	03/31/2020	03/31/2019
Losses on the sale and retirement of assets and rights (a)	(10,395)	(80,510)
Indemnity for third-party damage	(1,508)	(1,571)
Provision for warehouse loss	1,010	-
Other operating income and expenses	(3,050)	(1,739)
Total other net operating income	(13,943)	(83,820)

- (a) The variance is primarily due to the subsidiary Equatorial Pará which underwent its 5th rate review cycle in FY 2019. Other processes include the considerable number of items retired from the concession's intangible assets, write-offs which were duly audited and approved by the Economic and Financial Oversight Division – SFF (Technical Note 147/2019-SGT/SRM/ANEEL, issued 8/2/2019).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

30 Finance income

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Financial revenue				
Financial income	12,403	9,114	52,752	54,134
"A Component" amounts receivable/returnable	-	-	27,375	22,691
Operations with derivative financial instruments (a)	-	-	364,205	25,689
Arrears charge on power sales	-	-	77,692	74,371
AVP financial revenue	-	-	7,096	-
Monetary and exchange variance on debt	-	-	4	-
PIS/COFINS on financial revenue	(573)	-	(7,838)	(11,061)
Indexation of subrogation to CCC	-	-	1,407	2
Discounts obtained	-	-	14	1,947
Financial restatement of notes written off of receivables	-	-	16,821	-
PIS/COFINS to be reimbursed to consumers	-	-	2,351	945
PIS/COFINS on financial revenue	-	-	(4,371)	-
Other financial revenue	-	-	6,241	101,353
Total financial revenue	<u>11,830</u>	<u>9,114</u>	<u>543,749</u>	<u>270,071</u>
Finance expenses				
"A Component" amounts receivable/returnable	-	-	(8,424)	(13,151)
Operations with derivative financial instruments	-	-	(4,711)	(23,124)
Monetary and exchange variance on debt (b)	(1,294)	(1,233)	(412,883)	(55,620)
Interest on debt (b)	(21,158)	(37,116)	(201,482)	(201,828)
Restatement of contingencies	-	-	(6,058)	(3,272)
Restatement of energy efficiency	-	-	(1,489)	-
Restatement of financial asset	-	-	(1,918)	-
Regulatory fines	-	-	(2,856)	(12,296)
AVP financial expense	-	-	(16,427)	(10,836)
Related party payables	-	-	(137)	-
Interest and fines on electricity transactions	-	-	(725)	(1,433)
Interest paid	-	-	(8,156)	(17,470)
Discounts awarded	-	-	(5,633)	(3,629)
Other financial expenses	<u>(5,230)</u>	<u>(262)</u>	<u>(26,143)</u>	<u>(17,208)</u>
Total financial expenses	<u>(27,682)</u>	<u>(38,611)</u>	<u>(697,042)</u>	<u>(359,867)</u>
Net finance income	<u>(15,852)</u>	<u>(29,497)</u>	<u>(153,293)</u>	<u>(89,796)</u>

- (a) Refers mainly to the contracting of SWAP operations, which exchange rates in dollars and variation of the dollar for a percentage of the CDI, where the main variation refers to the exchange rate on these operations. In the year ended March 31, 2020, the main effect refers to the exchange rate difference, generating expenses with a 28% increase in the dollar, from R\$ 4.03 at December 31, 2019 to R\$ 5.16 at March 31, 2020, against an expense in 2019 with a 2.54% growth in the dollar from R\$ 3.87 at December 31, 2018 to R\$ 3.97 at March 31, 2019. In addition, there was also a reduction in the CDI rate, from 4.40% in December 2019 to 3.65% in March 2020, against 6.40% that remained throughout 1Q19;
- (b) Refers mainly to the contracting of SWAP operations, which exchange dollars plus spread for CDI plus spread, where the main variation refers to the exchange rate on these operations. In the year ended March 31, 2020, the main effect refers to the exchange rate difference, generating expenses with a 28% increase in the dollar, from R\$ 4.03 at December 31, 2019 to R\$ 5.16 at March 31, 2020, against an expense in 2019 with a 2.54% growth in the dollar;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit

31.1 Details of the retirement plan

(i) Equatorial BD Plan (Equatorial Maranhão)

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Invalidity retirement: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to disability.
- Retirement due to Age: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to age.
- Retirement due to Time of Contribution: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to age.

(ii) Equatorial CD Plan (Equatorial Maranhão)

The Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. Pursuant to the plan, the benefits offered to employees include the following:

- Normal Retirement: It is granted to participants who meet the following conditions:
 - (a) Have an employment relationship of 180 consecutive months with the sponsor;
 - (b) Have 60 months of effective contribution to the plan;
 - (c) Are 55 years old or more;
 - (d) Do not have an employment relationship with the sponsor.

The amount of the benefit is the result of the transformation of the balance of accounts in a certain income, of 12 payments per year, for n months.

- Retirement through inability to work: The benefit is granted to the participant that is receiving a Social Security pension for disability, provided that he is a participant in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for death of an active worker: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for Death of an Assisted Person: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit consists of the continuation of the income paid to the assisted participant.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

(iii) **Equatorial BD Plan (Equatorial Pará)**

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Retirement (due to Disability, age, length of service and special reasons): Retirement benefit calculated based on the difference between Real benefit wage (SRB), which is the average of the last 36 Contribution Salaries and the retirement awarded in RGPS. Except for Invalidity retirement, the retirement schemes have a grace period of 120 months of monthly contributions to the plan.
- Surviving spouse pension: The benefit above is equivalent to 50% of the monthly pension received by the participant before their death or the amount they would have received in the event of invalidity. This will be awarded to qualified beneficiaries and pensioners applying for it; and
- Annual bonus: The benefit consists of an annual cash allowance of 1/12 (one twelfth) of the monthly income due in December per month of complementation received during the year.

(iv) **Celpa OP Plan (Equatorial Pará)**

The Celpa OP Plan is structured as “variable contribution”, where there is a post-employment commitment during the inactive stage (retired and pensioners), for benefit structured in the form “Defined Benefit” (retirement benefit to be awarded in the form of monthly income for life and the respective investments in pensions). Pursuant to the plan, the benefits offered to employees include the following:

- Monthly income from investment in pension: It is granted to participants who meet the following conditions:
 - (a) Have an employment relationship of 05 complete months with the sponsor;
 - (b) Have 05 years of effective contribution to the plan;
 - (c) Are 55 years old or more;
 - (d) Be entitled to the benefit, except for Invalidity under RGPS; and
 - (e) Do not have an employment relationship with the sponsor.

According to the form selected in the application, the benefit value is equal to:

- ✓ Monthly income for life in the form “Variable Contribution”; or
- ✓ Financial monthly income in the form “Defined Contribution”.

- Lump sum benefit on disability or death: The Lump sum benefit on death is awarded to beneficiaries when the active participant dies. The Lump sum benefit on disability is awarded to the participant who has Supplementary disability retirement in Plan R.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

(v) Celpa R Plan (Equatorial Pará)

Celpa R is structured as a “defined benefit”, where there is a post-employment commitment entailing the payment of retirement for invalidity and pensions. Furthermore, the plan is not contributive, only offering risk benefits. Pursuant to the plan, the benefits offered include the following:

- Supplementary sickness benefit and retirement due to disability: The two benefits above constitute monthly income determined as the difference between the Real benefit wage (SRB) and the value of the benefit awarded by RGPS (General Social Security Scheme), which are awarded whilst concession of RGPS is guaranteed.
- Surviving spouse pension: The benefit above is equivalent to 50% of the monthly pension received by the participant before their death or the amount they would have received in the event of invalidity. This will be awarded to qualified beneficiaries and pensioners applying for it; and
- Annual bonus: The benefit consists of the largest monthly amount received in the year by the participant and will be paid by December 20. As this is a non-contributive plan, the plan is financed entirely by the normal contribution of the sponsor itself, where the percentage is determined in the plan’s costing plan.

(vi) Equatorial CD Plan (Equatorial Pará)

Pension benefits plan administered by Fundação Equatorial de Previdência Complementar (EQTPREV) and sponsored by Equatorial Energia Pará, amongst others. The company began offering this plan to its employees in FY 2019, and that year received participants and assisted participants sponsored by the company from the Celpa OP and Celpa R plan, and therefore recognized the first obligations under this plan.

The Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. Pursuant to the plan, the benefits offered to employees include the following:

- Normal Retirement: It is granted to participants who meet the following conditions:
 - a) Have an employment relationship of 180 consecutive months with the sponsor;
 - b) Have 60 months of effective contribution to the plan;
 - c) Are 55 years old or more;
 - d) Do not have an employment relationship with the sponsor. The amount of the benefit is the result of the transformation of the balance of accounts in a certain income, of 12 payments per year, for n months.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

- Retirement through inability to work: The benefit is granted to the participant that is receiving a Social Security pension for disability, provided that he is a participant in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for death of an active worker: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income; and
- Pension for Death of an Assisted Person: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit consists of the continuation of the income paid to the assisted participant.

(vii) Resolution 10/1989 (Equatorial Pará)

The Company has an uncovered actuarial liability originating from an agreement between the company and former employees and pensioners. The agreement was resolved by Resolution 10 issued August 4, 1989 by company management and came into force on June 11, 1996.

Because the resolution is in force, former employees and pensioners are entitled to pension benefits, which comprise the uncovered actuarial liability. The value of the liability determined is provisioned for in its entirety by the Company.

(viii) Medical assistance plan (Equatorial Pará) CNU health care plan

The Company offers employees and former employees (whether retired or terminated) health insurance administered by Central Nacional Unimed - Cooperativa Central (CNU), including both outpatient and inpatient coverage and obstetrics, with national coverage. Health insurance is offered to all employees and their dependents, with the exception of directors and managers.

Unimed Health Insurance (Equatorial Pará)

The Company offers employees and former employees (whether retired or terminated) health insurance administered by Unimed Seguro Saúde S/A, including both outpatient and inpatient coverage and obstetrics, with national coverage. This plan is offered to all Company directors and managers and their dependents.

UNIODONTO Dental Plan (Equatorial Pará)

Dental insurance operated by Uniodonto Belém to all employees and former employees (whether retired or terminated) and their dependents.

Unlike health insurance plans, dental insurance expenses will not increase with age. There is therefore no post-employment commitment (cross subsidy).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit--Continued

(i) Settled Plan (Equatorial Piauí)

Pension benefit plan organized and administered by Fundação Cepisa de Seguridade Social (FACEPI) and sponsored by Equatorial Energia Piauí, which is offered to its employees and their dependents.

The Settled Plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Retirement due to Time of Service/Contribution: Supplementary retirement due to length of service/contribution time is owed to the participant during the period they receive retirement for length of service/contribution time from social security and will only be suspended in the event of death of the participant or suspension or cancellation of their retirement.
- Invalidity retirement: The benefit is awarded to participants during the period they receive retirement from social security.
- Retirement due to Age: The benefit is awarded to the participant’s beneficiaries as long as the retirement due to age is maintained by social security and canceled upon their death. It consists of a monthly income equivalent to the value of the positive difference between the real benefit wage and the pension awarded by the INSS.
- Surviving spouse pension: The benefit is granted to the beneficiaries of an active participant who happens to die, during the period they receive a pension from social security. The amount of the benefit consists of the continuation of the 60% to 100% of the retirement paid to the assisted participant.
- Sickness Benefit: The benefit is awarded to the participant’s beneficiaries receiving sickness allowance from social security. It consists of a monthly income equivalent to the value of the positive difference between the real benefit wage and the sickness allowance awarded by the INSS.

Burial Assistance: The benefit is awarded in the event of the participant’s death after having contributed at least 60 (sixty) monthly contributions to the Plan, as from the participant’s latest enrollment in this Foundation, the beneficiaries or, in the absence thereof, the person demonstrating they are the successor. The expanded burial allowance consists of a lump-sum payment equal to 1/5 (one fifth) of the social security benefit ceiling.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit--Continued

(ii) CV Plan (Equatorial Piauí)

Pension benefit plan administered by Fundação Cepisa de Seguridade Social (FACEPI) and sponsored by Equatorial Energia Piauí, which is offered to its employees and their dependents.

The CV Plan is structured as a variable contribution, there being a commitment in the participants post-employment period. Pursuant to the plan, the benefits offered to employees include the following:

- **Scheduled retirement:** The benefit will be calculated actuarially based on the participant's individual balance, amongst other parameters, where this benefit is split into two stages: fixed term income of scheduled retirement and lifetime income of scheduled retirement.
- **Invalidity retirement:** The benefit to be awarded will be calculated actuarially based on the participant's individual balance at the disability date, plus funds from the disability lump sum, where this benefit is split into two stages: fixed term income of disability retirement and lifetime income of disability retirement.
- **Surviving spouse pension:** The benefit to be awarded will be calculated actuarially based on the active participant's individual balance at the date of death, plus funds from the lump sum for death, where this benefit is split into two stages: fixed term income of active retirement and lifetime income of active retirement.
- **Sickness Benefit:** The benefit is equal to twenty percent (20%) of the portion of the current participation salary below the FACEPI ceiling, plus one hundred percent (100%) of the portion of this participation salary above this ceiling.
- **Funeral allowance:** The benefit is equal to forty percent (40%) of the FACEPI ceiling in force in the month of death, regardless of the social security stage in which the participant was at, their salary level and the accumulated level of employment and employer savings recorded in their name.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit--Continued

(i) BD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação CEAL de Assistência Social e Previdência (FACEAL) and sponsored by Equatorial Energia Alagoas, which is offered to its employees and their dependents.

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- **Invalidity retirement:** The benefit to be granted is equivalent to the value of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded. Retirement due to Disability has a grace period of 12 months of contributing to the Plan.
- **Retirement due to Time of Service/Contribution:** The benefit to be granted is equivalent to the value of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded. The grace period for these benefits is 120 months of contributing to the Plan.
- **Retirement due to Age:** The benefit to be granted is equivalent to the value of 1/20 (one twentieth) of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded, for each year of contribution to the Plan (limited to 20/20).
- **Special Retirement:** The benefit to be granted is equivalent to the value of 1/20 (one twentieth) of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded, for each year of contribution to the Plan (limited to 20/20). Special Retirement has a grace period of 180 months of contributing to the Plan.
- **Surviving spouse pension:** The benefit to be granted consists of a monthly income equivalent to 50% (plus 10% per beneficiary) of the income received by the assisted participant or of the income that the active participant would have been entitled to if he were to retire on the grounds of disability on the date of death.
- **Annual bonus:** The benefit is granted at the same time that the annual bonus of the Social Security is granted and consists of an annual cash allowance of 1/12 (one twelfth) of the monthly income due in December per month of complementation received during the year.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit--Continued

(ii) CD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação CEAL de Assistência Social e Previdência (FACEAL) and sponsored by Equatorial Energia Alagoas, amongst others. The CD Plan is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits.

The risk benefits are:

- Entry into disability benefit

Awarded in the event of an active participant's disability at the rate of 13/12 (thirteen twelfths) of the double of the Real Average Monthly Contribution (CRMM), multiplied by the number of months which remained at the time of full and permanent disability for the participant to become exactly 55 (fifty-five) years of age.

- Lump sum benefit on death of active participant

Awarded to beneficiaries of the active participant in the event of their death at the rate of 13/12 (thirteen twelfths) of the double of the Real Average Monthly Contribution (CRMM), multiplied by the number of months which remained at the time of the active participant's death for the participant to become exactly 55 (fifty-five) years of age.

(iii) Health care plan (Equatorial Alagoas)

Equatorial Energia Alagoas offers its employees and former employees health insurance administered by Qualicorp Administradora de Benefícios S/A, including both outpatient and inpatient coverage and obstetrics, with statewide coverage. Equatorial Energia Alagoas offers a dental care plan to its employees.

The health care plans (UNIMED) and dental plans (UNIODONTO) have fixed monthly payments, adjusted annually, with monthly payment of the employee's part and the employer's part resulting in 12 payments a year.

The health and dental plans contain three different groups, called G1, G3 and G8. The group definitions are presented below:

- G1: consisting of employees, employees on leave and future former employees of Equatorial, pursuant to item 11.4 of the 2019/2021 Collective Labor Agreement. Equatorial's participation for this group varies according to salary ranges for the health plan and equal to 60% for the dental plan. If a company employee becomes permanently disabled, they and their dependents are entitled to remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). For disabled children, Equatorial keeps paying the employer's part to the holder and their dependents, similarly to what would happen if they were still active. This group is open to new active and inactive participants, depending on changes to the Company's staff structure.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

31 Post-employment benefit--Continued

- G3: consists of disabled former employees who remain in the health and dental plans without contributing to them, meaning that Equatorial's participation for this group is 100% of the monthly fees. Equatorial contributes for holders and their dependents. The holders and their dependents in this group remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). This is a closed group, with no new additions possible.
- G8: consists of former employees (able-bodied and disabled) who remain in the health and dental plans by court order. Equatorial's participation for this group is established individually depending on each court decision. Equatorial contributes for holders and their dependents. The holders and their dependents in this group remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). New members can only be added to this group by court order.

The Company performs annually and will disclose in the financial statements for the year ending December 31, 2020, the actuarial valuations by independent appraisers, considering an active market quotation, sensitivity analysis, the expected global rate of return on assets based on market expectations and applicable during the period in which the obligation is to be settled.

As such, the main actuarial assumptions used are: (i) inflation rate; (ii) discount rate; (iii) future salary increases; and (iv) future pension increases.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

32 Financial instruments

32.1 General considerations

The Company and its subsidiaries have performed an analysis of their financial instruments including: cash and cash equivalents, securities, trade accounts receivable, CCC sub-rogation, concession financial assets, contractual assets, trade accounts payable, loans and financing, amounts payable under the judicial reorganization plan debentures and derivatives, and have not made any required adjustments to their accounting records.

The management of these instruments is done through operating strategies and internal controls aimed at liquidity, profitability and security. The control policy consists of permanent monitoring of contractual terms and conditions in comparison with existing market conditions.

Management uses financial instruments to obtain optimum returns on available cash, to maintain the liquidity of assets, to hedge against foreign exchange or interest rate variation and to ensure compliance with applicable covenants, namely net debt over adjusted EBITDAⁱ (ND/Adjusted EBITDA) and net debt over net debt plus shareholders' equity (ND/ND+SE).

33.2 Derivatives policy

The Company and its subsidiaries use swap derivative transactions to hedge against changes in macroeconomic indexes and against fluctuations in foreign currency quotes. These operations are not carried out on a speculative basis. As at March 31, 2020 and December 31, 2019, the Company, through its subsidiaries, had derivative financial instrument operations contracted as a hedge for its foreign currency debts.

32.3 Category and fair value of financial instruments

The fair values of the Company's and its subsidiaries' financial assets and liabilities were estimated through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of market data to estimate the most adequate realization value. As a result, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

(i) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

The carrying amounts and market values of the financial instruments included in the statement of financial position as of March 31, 2020 and December 31, 2019 are identified below:

Parent Company	Level		03/31/2020		12/31/2019	
Assets		Category of financial instruments	amount	Market	amount	Market
Cash and cash equivalents	-	Amortized cost	985	985	1,103	1,103
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	445,472	445,472	535,210	535,210
Short-term investments	2	Fair value through profit or loss	241,730	241,730	871,556	871,556
	2					
Securities		Fair value through profit or loss	18,267	18,267	18,129	18,129
Total assets			706,454	706,454	1,425,998	1,425,998
			03/31/2020		12/31/2019	
		Level	Category of financial instruments			
Liabilities			amount	Market	amount	Mercado
Supplier		Amortized cost	1,134	1,134	2,081	2,081
Loans and borrowings	-	Amortized cost	512,906	507,147	507,358	507,147
Debentures	-	Amortized cost	572,520	1,298,762	1,263,854	1,298,762
Total liabilities			1,086,560	1,807,043	1,773,293	1,807,990
Consolidated			03/31/2020		12/31/2019	
Assets	Level	Category of financial instruments	amount	Market	amount	Mercado
Cash and cash equivalents	-	Amortized cost	175,361	175,361	184,082	184,082
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	3,082,008	3,082,008	1,601,121	1,601,121
Short-term investments	2	Fair value through profit or loss	2,344,913	2,344,913	4,043,717	4,043,717
Trade accounts receivable	-	Amortized cost	4,260,570	4,260,570	4,386,355	4,386,355
"A Component" revenue	-					
receivable and other financial items		Amortized cost	1,053,241	1,053,241	1,096,690	1,096,690
CCC subrogation - amounts allocated	-					
		Amortized cost	85,120	85,120	85,120	85,120
	3	Fair value through other comprehensive income	154,093	154,093	154,093	154,093
Reimbursable AICs (a)						
Derivative financial instruments	2	Fair value through profit or loss	435,281	435,281	60,555	60,555
Concession financial assets -	2	Fair value through profit or loss				
Distribution companies			4,998,579	4,998,579	4,945,545	4,945,545
Contractual assets	2	Fair value through profit or loss	8,338,140	8,338,140	7,399,367	7,399,367
Securities	2	Fair value through profit or loss	133,855	133,855	126,756	126,756
Total assets			25,061,929	25,061,929	24,083,401	24,083,401

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Liabilities	Category of financial instruments	03/31/2020		12/31/2019	
		amount	market	amount	market
Supplier	Amortized cost	1,703,929	1,703,929	1,976,110	1,976,110
Loans and borrowings	Amortized cost	12,193,557	12,472,656	11,104,954	12,266,760
Payables from judicial reorganization	Amortized cost	868,519	1,147,856	871,899	1,147,856
"A Component" revenue receivable and other financial items	Amortized cost	146,018	146,018	142,451	142,451
Debentures	Amortized cost	5,062,899	5,787,454	5,703,467	5,830,267
Total Liabilities		19,974,922	21,257,913	19,798,881	21,363,444

- (a) This denotes the reimbursement owed to the seller (Eletrobras) as payment of the reimbursable AICs equal to 50% (fifty percent) of the contribution of each of the assets in the debt compensation base, as defined in the ANEEL Rate Regulation Procedures - PRORET, less any amounts recorded after the appraisal-based date of investments necessary to make these assets in progress property, plant and equipment. Equatorial Piauí accordingly provisioned for R\$ 70,640 and Equatorial Alagoas R\$ 83,453.

Following ANEEL ratification of the rate review result, the buyer undertakes to hire a technical consultant to determine the amount of reimbursement owed to Eletrobras.

- **Cash and cash equivalents** - are classified as amortized cost and are recorded at their original values;

Short-term investments and Investments funds - these are classified as fair value through profit or loss. The fair value hierarchy of short-term investments is level 2, since most of them are invested in exclusive funds where maturities are limited to twelve months. As such, management understands that their fair value is already reflected in the book value. The significant factors for valuation at fair value are publicly observable such as CDI;

- **Securities** –refer to financial investments not allocated in cash and cash equivalents, classified as fair value through profit or loss. The hierarchy of fair value of short-term investments is level 2, since most of them, applied in exclusive funds, are reflected in the value of the fund's shares;
- **Trade accounts receivable** - directly derived from the Company's and its subsidiaries' operations and are classified as amortized cost and are recorded at their original values, subject to the provision for losses and present value adjustment, when applicable.
- **Financial concession assets** - classified as fair value through profit or loss, financial assets that present an unconditional right to receive a certain amount at the end of the concession term. The relevant factors for determining fair value are publicly observable, such as the IPCA existing in an active market and the depreciation rate determined by the ANEEL resolution, classified in level 2 of the fair value hierarchy;
- **Subrogation of CCC** - amounts allocated: are classified as amortized cost and recorded at amortized Value, used to finance the subsidy for interconnecting islanded municipalities to the National Interconnected Grid – SIN;
- **Trade payables** - derive directly from the Company and its subsidiaries' operations and are classified as liabilities at amortized cost.
- **Loans and financing** - provide funding for the Company's and its subsidiaries' investment programs and may be used to manage short-term requirements. Classified as liabilities at amortized cost and recorded at their amortized amounts.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

- **Payables from judicial reorganization plan-** derives from the judicial reorganization plan of the subsidiary Equatorial Pará, classified as liabilities at amortized cost.
- **Debentures** - classified as liabilities at amortized cost and recorded at their amortized amounts. For reporting purposes, the debentures' market values are calculated based on market rates disclosed by the Brazilian Association of Financial and Capital Market Entities - ANBIMA and B3 S.A.;
- **"A Component" mount receivable/payable** - derive from non-manageable costs to be passed through in their entirety to the consumer or shouldered by the concession authority. Classified as amortized cost, and
- **Derivative financial Instruments** - are measured at fair value through profit or loss and other comprehensive income are used as a hedge against foreign exchange and interest rate fluctuations. For swap transactions, market value has been determined using information from active markets. Tier 2 of the fair value hierarchy.
- **Reimbursable AICs** - are classified at fair value through profit and loss and other comprehensive income, as the sensitivity of fair value is in assets in progress in the net compensation base, depending on full or partial ratification by Eletrobras, as the data of 50% (fifty percent) of the contribution of each of the assets in progress in the debt compensation base, as defined in the ANEEL Rate Regulation Procedures - PRORET, less any amounts recorded after the appraisal-based date of investments necessary to make these assets in progress property, plant and equipment used for measurement are not observable in the market. Level 3 in the fair value hierarchy through profit and loss and other comprehensive income.

Call Option

Since November 2019 the Company holds a repurchase right of the entire preferred shares issued by Equatorial Distribuição, exercisable between November 11, 2022 and November 11, 2026. The purchase price, should the option be exercised, will be R\$ 1.000.000 (one billion Brazilian reais) updated by 100% of the CDI interest rate as of 11/11/2019, the option's exercise date less dividends received by the minority shareholder, updated by 100% of the CDI interest rate from the date of payment to the purchase option's exercise date. The noncontrolling shareholder does not hold the shares' sale option, with the exercising of this right being under the Company's control.

This call option is in fair value hierarchy Level 3, in which the inputs to measure fair value are not observable, because Equatorial D does not have shares traded on stock exchanges and its preferred shares have specific features different to those of preferred shares traditionally traded on stock exchanges, as they are entitled to special dividends disproportionate to the percentage interest of this type of share in Equatorial Distribuição's share capital.

The disproportionate nature of dividends in relation to their participation in the share capital would lead the Company to exercise the option even in situations where the share price fell, i.e. in situations in which the company made a loss on exercising the call option. This effect is not usually captured in the call option calculation.

In other words, it should be taken into account that the Company would buy back shares even if the company's value devalued sharply, i.e. even when the value of these preferred shares were R\$ 179,180, as in this situation the entitlement to the flow of dividends of 55% is equal to the contribution from the noncontrolling shareholder (R\$ 1,000,000).

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To calculate the fair value it is therefore necessary to sum these call exercising situations: (i) by obtaining profit in the derivative, those for which a call option is tradition calculated and (ii) by obtaining a loss in the derivative, in situations where the company exercises the buyback right so the noncontrolling shareholders are not entitled to the flow of 55% of the privileged dividends (loss in the derivative).

Fair value measurement

To measure fair value, we use Black & Scholes models and understand that the interest rate and dividend payout on this option until its exercise is irrelevant, since the exercise price is also corrected by the same interest rate and is also discounted by dividends paid.

32.4 Derivative financial instruments

The Company's risk management policy is to hedge its entire foreign currency exposure for loans and financing, taking out cash flow swaps where the long position lies in local currency indexed to CDI and the short position to foreign currency and the contract cost. These contracts are designated as cash flow hedges. .

The Companies determine the existence of an economic relationship between the hedge instrument and the hedged item based on the currency, value and timing of the respective cash flows, assessing whether changes in the cash flow from the hedged item can be offset by changes in the cash flow from the hedge derivative. The method used is the criteria of critical terms - prospective method. The effective test is conducted just once when accounting begins, ascertaining whether all derivative terms are aligned with the hedge terms as regards time frames, amortization, contracted notional value and payment of interest, thus guaranteeing 100% effectiveness of the cash flow.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Equatorial Pará

As of March 31, 2020, Equatorial Pará has swap contracts with the bank Citibank for foreign-currency operations.

On June 11, 2018 Equatorial Pará borrowed funds amounting to USD 100,000, with quarterly interest and amortization and final maturity on June 12, 2023. The loan incurs the rate USD Libor + 0.84% p.a. + I.R (hedge item), and has a swap recorded at fair value through profit or loss (hedge instrument).

Another loan was taken out on July 05, 2019 for a total of USD 140,000 with quarterly interest and amortization and final maturity on July 05, 2022. This loan incurs the rate USD Libor + 0.79% p.a. + I.R (hedge item), and has a swap recorded at fair value through other comprehensive income (hedge instrument).

As of March 31, 2020, the balances of foreign currency loans and financing with the bank Citibank are R\$ 1,248,921 (R\$ 976,221 as of December 31, 2019).

The balances of Equatorial Pará's derivative instruments as of March 31, 2020 and December 31, 2019 are summarized below:

Payables		Fair value	
Market risk hedging purpose	Indexes	03/31/2020	12/31/2019
Citibank- US\$140 MM			
Long position	US\$ + Libor + 0.79% p.a.	741,081	576,286
Short position	114% of CDI	(553,740)	(557,040)
Total		<u>187,341</u>	<u>19,246</u>
Payables		Fair value	
Market risk hedging purpose	Indexes	03/31/2020	12/31/2019
Citibank- US\$100 MM			
Long position	US\$ + Libor + 0.84% p.a.	521,847	408,570
Short position	111.8% of CDI	(396,889)	(397,896)
Total		<u>124,958</u>	<u>10,674</u>
Current net		2,161	169
Noncurrent net		<u>310,138</u>	<u>29,751</u>
Total		<u>312,299</u>	<u>29,920</u>

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market.

We emphasize that, since the accounting rules that address this matter require the swap to be accounted for at market value, even if the hedge is perfect from a cash point of view, fluctuations in results may occur.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Equatorial Piauí

The subsidiary Equatorial Piauí has swaps with Citibank relating to foreign currency transactions, maturing on April 05, 2022. As of March 31, 2020, the debit balance of foreign currency loans and financing with the bank Citibank is R\$ 403,913 (R\$ 315,681 as of December 31, 2019).

Payables		Fair value	
Market risk hedging purpose	Indexes	03/31/2020	12/31/2019
Citibank- US\$300 MM			
Long position	US\$ + Libor + 0.725% p.a.	408,050	317,526
Short position	113.5% do CDI	(306,639)	(308,463)
Total		<u>101,411</u>	<u>9,063</u>
Current net		734	72
Noncurrent net		<u>100,677</u>	<u>8,991</u>
Total		<u>101,411</u>	<u>9,063</u>

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market. We emphasize that, since the accounting rules that address this matter require the swap to be accounted for at market value, even if the hedge is perfect from a cash point of view, fluctuations in results may occur.

32.5 Financial risk management

The Company's and its subsidiaries' Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The risks described below are a compilation of the findings by the various departments, according to their respective specialties. Management defines the type of treatment and the owners for monitoring each of the risks ascertained, in order to prevent and control them.

The Group's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Company's and its subsidiaries' market conditions and activities. The Company and its subsidiaries, through their training and management standards and procedures, aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

For the period ended March 31, 2020, there was no change in the Company's and its subsidiaries' risk management policies since the year ended December 31, 2019.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's trade accounts receivable and financial instruments. Management monitors the performance of accounts receivable and bolsters strategy to enhance the management and operational performance of collection initiatives initiated to mitigate the risk of default. A collection workshop is therefore held annually to align accounts receivable recovery strategies. The Company adopts a collection policy whose guidelines concur with the legislation and specific regulations.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Trade receivables

The accounts receivable of the subsidiaries Equatorial Piauí and Equatorial Alagoas, and the companies Equatorial Maranhão and Equatorial Pará consist of electricity bills and financed energy supply debits overdue for defaulting consumers, the proportionality of which is determined by the features of the concession area.

The Companies establish collection policies for customer classes, to reduce default levels and consequently recover receivables. All collection policies established comply with the legislation and specific regulations, which in the case of the electricity sector are Normative Resolution 414 issued by the National Electricity Regulatory Agency - ANEEL.

The participation of accounts receivable from subsidiary consumers is shown below:

Consumer class (Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas)	%	
	03/31/2020	12/31/2019
Residential	57%	57%
Industrial	6%	6%
Commercial	17%	17%
Rural	4%	4%
Government	9%	9%
Public lighting	3%	3%
Public utility	4%	4%
Total	100%	100%

The Company's distribution subsidiaries recorded an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables, as presented in note 6.2.

For the financial year ended March 31, 2020, the maximum credit risk exposure for trade account receivables by consumer type was as follows:

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Distribution

03/31/2020					
Consumer type	Billed consumers	Unbilled consumers	Installment payment	Low-income and "viva luz" consumers	Total
Residential	1,770,295	277,928	1,539,504	87,076	3,674,850
Industrial	254,326	11,548	131,629	-	397,438
Commercial	518,422	77,490	404,942	-	1,085,842
Rural	179,230	19,095	79,228	-	277,555
Government	179,644	35,183	324,257	-	539,086
Public lighting	89,589	545	90,495	-	180,629
Public utility	106,500	19,859	122,005	-	248,365
Total	3,098,006	441,648	2,692,060	87,076	6,403,765

12/31/2019					
Consumer type	Billed consumers	Unbilled consumers	Installment payment	Low-income and "viva luz" consumers	Total
Residential	1,794,009	282,974	1,456,351	88,764	3,622,097
Industrial	234,839	11,536	116,712	-	363,088
Commercial	561,702	80,155	377,708	-	1,105,965
Rural	181,157	18,862	76,481	-	276,501
Government	199,868	39,785	332,774	-	572,426
Public lighting	91,004	534	94,210	-	185,748
Public utility	106,836	19,112	122,530	-	248,478
Total	3,169,415	452,958	2,576,766	88,764	6,374,303

Evaluation of the expected loss on doubtful accounts (accounts receivable)

The companies Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas adopt the expected allowance for doubtful accounts (PECLD) model, which is found based on the aging list of non-receipt of invoices and installment payments of invoiced liabilities arising from the supply of electricity by means of the provision matrix. A provision matrix defines by means of analysis the risk percentages of receivables in accordance with the aging list of electricity bills and installments.

The provision matrix adopted is the outcome of a study on the behavior of bill and installment payments over a 5-year period subjected to analysis, reflecting the consumer experience credit loss background regarding electricity bills and installments, which signals efficiency of the collection policy adopted by the Company in 2019.

Expected losses due to doubtful debts (PECLD) are calculated based on sums receivable from consumers, segregated by billing and installment payments according to consumer classes, in values considered sufficient by Management to cover likely losses when realizing credits.

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Period ended March 31, 2020

(In thousands of Reais)

As to the approach for loss recognition, the model employed to measure expected losses with use of the provision matrix, which is based on the default behavior background and related to Management's experience with collection practices adopted for realizing receivables, it was noted that in the period ended March 31, 2020 there was no need to recognize expected losses, but rather an expected provision for doubtful accounts, as detailed in explanatory note no. 6.2.

Estimated allowances for doubtful accounts (Consolidated)

RANGE	Gross carrying amount Financing	% Estimated weighted-average loss rate of financed portion	Balance	Gross carrying amount Invoiced	% Weighted- average loss rate of invoiced portion	Balance
Outstanding	2,049,863	26.75%	548,344	749,091	5.38%	40,326
1 to 30 overdue	50,854	28.94%	14,716	475,607	7.37%	35,063
31 to 60 overdue	33,265	44.16%	14,691	151,858	17.51%	26,589
61 to 90 overdue	30,592	50.22%	15,363	106,556	27.48%	29,281
91 to 120 overdue	24,981	55.56%	13,880	66,893	32.01%	21,411
121 to 150 overdue	22,528	59.56%	13,417	56,231	35.96%	20,223
151 to 180 overdue	22,535	61.78%	13,922	57,356	38.23%	21,928
181 to 210 overdue	20,186	61.63%	12,440	39,317	42.63%	16,763
211 to 240 overdue	18,898	62.90%	11,886	48,900	40.47%	19,792
241 to 270 overdue	19,009	63.49%	12,069	30,462	45.66%	13,909
271 to 300 overdue	18,119	64.92%	11,763	30,122	47.14%	14,199
301 to 330 overdue	18,254	65.84%	12,018	32,490	48.26%	15,681
331 to 360 overdue	14,937	66.57%	9,943	27,861	50.16%	13,974
361 to 390 overdue	17,869	67.00%	11,973	29,196	51.01%	14,892
391 to 420 overdue	15,908	66.72%	10,613	32,531	53.57%	17,428
421 to 450 overdue	14,511	68.21%	9,898	31,517	54.94%	17,315
451 to 630 overdue	78,467	68.21%	53,526	170,031	55.62%	94,576
631 to 720 overdue	30,143	69.11%	20,833	70,719	59.10%	41,798
721 to 810 overdue	28,434	73.84%	20,995	81,827	59.35%	48,561
811 to 990 overdue	39,803	75.60%	30,090	123,792	61.32%	75,912
991 to 1080 overdue	14,821	81.55%	12,087	45,719	62.36%	28,510
1081 to 1170 overdue	10,251	84.03%	8,614	53,312	62.01%	33,060
1171 to 1350 overdue	19,886	89.14%	17,727	109,269	72.05%	78,727
1351 to 1530 overdue	17,231	90.37%	15,572	78,520	81.17%	63,736
1531 to 1710 overdue	22,522	89.49%	20,155	74,255	82.92%	61,570
1711 to 1890 overdue	16,374	90.77%	14,863	49,874	82.99%	41,389
More than 1890 overdue	21,819	460.06%	100,383	274,700	87.24%	239,640
Total	2,692,060		1,051,781	3,098,006		1,146,253

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Notes to individual and consolidated interim financial information (Continued)

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(In thousands of Reais)

PECLD Other (Consolidated)

Range	Gross carrying amount	other weighted rate	%Average loss of Other	Balance
Outstanding	75,601		6.90%	5,218
1 to 30 overdue	16,152		7.06%	1,140
31 to 60 overdue	8,375		18.14%	1,519
61 to 90 overdue	5,658		29.33%	1,659
91 to 120 overdue	4,302		33.37%	1,435
121 to 150 overdue	3,552		36.77%	1,306
151 to 180 overdue	3,721		38.71%	1,440
181 to 210 overdue	3,498		42.16%	1,475
211 to 240 overdue	3,207		44.66%	1,432
241 to 270 overdue	2,735		45.24%	1,237
271 to 300 overdue	2,696		47.27%	1,275
301 to 330 overdue	2,627		48.39%	1,271
331 to 360 overdue	2,295		49.93%	1,146
361 to 390 overdue	2,550		50.83%	1,296
391 to 420 overdue	2,584		52.50%	1,357
421 to 450 overdue	2,582		53.98%	1,394
451 to 630 overdue	15,871		54.42%	8,637
631 to 720 overdue	6,567		58.08%	3,814
721 to 810 overdue	6,277		59.34%	3,725
811 to 990 overdue	7,868		62.78%	4,939
991 to 1080 overdue	3,218		64.27%	2,068
1081 to 1170 overdue	3,294		63.78%	2,101
1171 to 1350 overdue	4,292		72.40%	3,108
1351 to 1530 overdue	4,496		80.84%	3,635
1531 to 1710 overdue	5,481		82.65%	4,530
1711 to 1890 overdue	3,385		82.30%	2,786
More than 1890 days overdue	14,532		90.33%	13,128
Total	217,416			78,071

PECLD not invoiced (Consolidated)

Range	Gross carrying amount not invoiced	% Weighted-average loss rate of non-invoiced portion	Balance
Outstanding	441,817	5.61%	24,804
Total	441,817	5.61%	24,804

Cash and cash equivalents

The Company and its subsidiaries have individual and consolidated cash and cash equivalents of R\$ 446,457 and R\$ 3,171,173 respectively, as of March 31, 2020 (R\$ 536,313 and R\$ 1,785,203 as of December 31, 2019). Cash and cash equivalents are maintained with banks and financial institutions with ratings above AA-, assigned by the rating agencies Fitch Ratings and Standard & Poors.

The Company and its subsidiaries consider that its cash and cash equivalents have a low credit risk based on the counterparty's foreign credit ratings. Upon the initial application of CPC 48 / IFRS 9, the Company deemed that a provision is not necessary.

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(In thousands of Reais)

Sector financial assets, contractual assets (infrastructure under construction) and concession financial assets

The Company and its subsidiaries' management considers the risk of these credits to be reduced, since the agreements signed ensure the unconditional right to receive cash at the end of the concession to be paid by the Granting Authority: (i) related to costs not recovered through tariff (sector financial asset); and (ii) related to investments in progress and carried out in infrastructure and which were not amortized until the concession expired (contractual assets and concession's financial assets).

Derivatives

Derivatives are taken out from banks and financial institutions whose credit is rated above AA,- and by the rating agencies.

(i) Liquidity risk

Liquidity risk is that in which the Company and its subsidiaries may eventually encounter difficulties in honoring the obligations associated with their financial liabilities that are settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations upon maturity, both under normal and stress conditions, without causing unacceptable losses or risk of damaging the reputation of the Company and its subsidiaries. To determine the Company's financial capacity of adequately meeting the commitments assumed, the maturity schedule of funds raised and of other liabilities is part of the disclosures. More detailed information on loans taken out by the Company and its subsidiaries is presented in Notes 16 (Loans and financing), 17 (Debentures) and 20 (Amounts payable according to the in-court reorganization plan).

The Company and its subsidiaries have obtained funds through its commercial activities, the financial markets, mainly allocating them to its investment program and managing its cash for the purpose of working capital and honoring financial commitments.

For short-term financial investments priority is given to short-term investments, in order to obtain maximum liquidity and cover disbursements. The Company and its subsidiaries' cash generation and excellent stability in receipts and payment obligations in the course of the year enable the Company to obtain stable cash flows, thereby reducing its liquidity risk.

The Company and its subsidiaries aim to maintain the level of its 'Cash and cash equivalents' and other investments with an active market at an amount in excess of expected cash outflows to settle debts over the next 12 months. The availability ratio by short-term debt was 2.1 as of March 31, 2020 (3.1 as of December 31, 2019).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

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(In thousands of Reais)

Parent Company

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years
Non-derivative financial liabilities						
Unsecured bond issues	512,906	524,528	-	524,528	-	-
Subtotals - Loans and Financing	512,906	524,528	-	524,528	-	-
Unsecured bond issues	572,520	718,845	13,748	19,808	38,244	647,045
Subtotals - Debentures	572,520	718,845	13,748	19,808	38,244	647,045
Trade payables	1,134	1,134	1,134	-	-	-
Total	1,086,560	1,244,507	14,882	544,336	38,244	647,045

Consolidated

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Secured bank loans	9,048,803	15,383,829	110,592	724,346	1,148,853	3,790,740	9,609,298
Unsecured bank loans	1,451,312	1,451,312	5,433	2,933	739,392	703,554	-
Unsecured bond issues	1,087,834	1,117,240	-	1,117,240	-	-	-
Unsecured bond issues	605,608	615,875	-	615,875	-	-	-
Subtotals - Loans and Financing	12,193,557	18,568,256	116,025	2,460,394	1,888,245	4,494,294	9,609,298
Unsecured bond issues	2,493,310	2,770,167	37,239	154,524	260,143	2,318,261	-
Secured bond issues	2,569,589	4,876,464	15,519	39,964	817,316	1,335,879	2,667,786
Subtotal - Debentures	5,062,899	7,646,631	52,758	194,488	1,077,459	3,654,140	2,667,786
Secured bank loans	122,364	122,364	32	-	83,250	26,530	12,552
Unsecured bank loans	746,155	755,845	2	8,110	(40,932)	(59,007)	847,672
Secured bank loans	868,519	878,209	34	8,110	42,318	(32,477)	860,224
Unsecured bank loans	1,703,929	1,772,769	1,202,818	569,951	-	-	-
Total	19,828,904	28,865,865	1,371,635	3,232,943	3,008,022	8,115,957	13,137,308
Derivative financial liabilities							
Interest rate swaps used for hedging	(312,299)	(312,300)	(1,359)	(136)	(134,878)	(175,927)	-
Total	(312,299)	(312,300)	(1,359)	(136)	(134,878)	(175,927)	-

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

As stated in notes 16 and 17, the Company and its subsidiaries also have loans subject to covenants. Future nonperformance of this covenant could result in the Company having to settle the debt early. The covenants are monitored regularly by the financial board and periodically reported to Management to ensure the contract is being performed. The Company and its subsidiaries are not expected to default on any of the covenants established.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

(ii) Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and stock prices - will affect the Company and its subsidiaries' earnings or the value of its financial instruments, and also includes any covenants which, if breached, could result in accelerated maturity as described further in this note. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. All these operations are conducted observing market behavior and in compliance with the Company's hedge policy. The Company generally seeks to use hedge accounting to manage volatility in earnings.

(iii) Exchange rate risk

This arises from the possibility of the Company and its subsidiaries incurring losses due to exchange rate fluctuations. Part of the subsidiaries' financial liabilities are subject to foreign exchange variations due to the volatility of the exchange rate on balances denominated in foreign currencies, especially the US dollar. Currently Equatorial Maranhão has no exposure to the foreign exchange rate in the debt, the exposure of the subsidiary Equatorial Pará is 27.3% (22.9% as of December 31, 2019), the subsidiary Equatorial Piauí is 13.9% (11.7% as of December 31, 2019), of its debt (related to loans and financing, judicial reorganization creditors and AVP of financial creditors in foreign currency), as shown below:

Consolidated

Index	R\$	Average cost (p.a.)	Average final term (month/year)	Average term (years)	Interest (%)
Libor (com Swap CDI)	1,564,603	6.2%	Oct/22	2.2	8.7%
Foreign currency	1,564,603	6.2%	Oct/22	2.2	8.7%
TJLP	245,703	7.6%	May/23	1.8	1.4%
CDI	8,010,378	7.0%	Feb/23	2.3	44.7%
Pré-fixado	1,628,246	10.7%	Nov/41	15.6	9.1%
IGP-M	363,363	8.8%	Jan/32	11.3	2.0%
IPCA	5,638,642	8.2%	Jan/34	8.6	31.5%
SELIC	466,747	7.4%	Mar/23	1.6	2.6%
Domestic currency	16,353,079	7.8%	-	6.0	91.3%
Total	17,917,682	7.7%	-	-	100%

The Company and its subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates.

The companies Equatorial Pará and Equatorial Piauí have two foreign currency debts, both of which have swaps for protection against exchange rate changes, pursuant to note 32.4.

The companies Equatorial Maranhão and Equatorial Alagoas do not have exposure to the exchange rate in the debt as of March 31, 2020 and December 31, 2019.

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Period ended March 31, 2020

(In thousands of Reais)

The sensitivity of the debt has been assessed in five scenarios in accordance with CVM Instruction 475; a scenario with the projected rates for 12 months (Probable Scenario) and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant foreign currency.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a weakening of 25% (Scenario IV) and 50% (Scenario V).

The currency used in the sensitivity analysis and the respective scenarios is as follows:

Transaction	Risk	Balance in R\$ (exposure)	Consolidated				
			Cash flow risk or fair value associated with interest or foreign exchange rates				
			Impact on profit or loss				
			Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial liabilities							
Loans, financings and debentures	USD	(1,652,835)	(1,681,442)	(2,101,008)	(2,523,752)	(1,261,876)	(842,310)
Impact on profit or loss			-	(419,566)	(842,310)	419,566	839,132
Swap – Long Position	USD	1,670,978	1,725,452	2,155,999	2,589,809	1,294,904	864,357
Impact on income (swap)			-	430,548	864,357	(430,548)	(861,095)
Reference for financial liabilities		Projected rate	Projected rate at 03/31/2020	+25%	+50%	-25%	-50%
Dollar USD/R\$ (12 months)		5.29	5.20	6.61	7.94	3.97	2.65

Source: B3

(i) Interest rate risk

This risk arises from the possibility of the Company and its subsidiaries incurring losses due to changes in interest rates in the economy, which affect loans and financing and financial investments. The Company continuously monitors the changes in indexes in order to assess any requirement to use derivatives to protect itself against the risk of variation to these rates. The impact of these changes on interest earned on financial investments and interest paid on debt are described below.

The sensitivity of the Company's and its subsidiaries' financial assets and liabilities has been assessed in five scenarios.

In accordance with CVM Instruction 475, we present a scenario with the rate projected for 12 months (Probable Scenario) and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant indicators.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a decrease of 25% (Scenario IV) and 50% (Scenario V) in these indicators.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

		Parent Company					
Transaction	Risk	Balance in R\$ (exposure)	Cash flow or fair value risk associated with interest rates				
			Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial assets							
Short-term investments	CDI	687,202	709,605	715,240	720,806	704,039	698,404
Impact on profit or loss			-	5,635	11,201	(5,566)	(11,201)
Financial liabilities							
Loans, financings and debentures	CDI	(1,663,324)	(1,717,548)	(1,731,187)	(1,744,660)	(1,704,075)	(1,690,436)
	IPCA	(113,693)	(115,046)	(115,387)	(115,728)	(114,705)	(114,375)
Impact on profit or loss			-	(1,846,574)	(1,860,388)	(1,818,780)	(1,804,811)
Net effect on income			-	(13,980)	(27,794)	13,814	27,783

		Consolidated					
		Cash flow or fair value risk associated with interest rates					
Transaction	Risk	Balance in R\$ (exposure)	Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial assets							
Short-term investments	CDI	5,513,117	5,692,845	5,738,053	5,782,709	5,648,189	5,602,981
Impact on profit or loss			-	45,208	89,864	(44,656)	(89,864)
Financial liabilities							
Loans, financings and debentures	CDI	(8,176,420)	(8,442,971)	(8,510,018)	(8,576,247)	(8,376,742)	(8,309,695)
	SELIC	(440,235)	(454,895)	(458,549)	(462,247)	(451,241)	(447,587)
	TJLP	(220,309)	(230,862)	(233,506)	(236,149)	(228,218)	(225,597)
	IGP-M	(359,113)	(371,754)	(374,914)	(378,074)	(368,594)	(365,434)
	IPCA	(5,611,937)	(5,678,719)	(5,695,555)	(5,712,391)	(5,661,883)	(5,645,609)
Impact on profit or loss			-	(93,341)	(185,907)	92,523	185,279
Net effect on income			-	(48,133)	(96,043)	47,069	95,415

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

Reference for financial assets and financial liabilities	Projected rate (BMF)	Rate at 03/31/2020	25%	50%	-25%	-50%
CDI (% 12 meses)	3.26	5.44	4.08	4.89	2.45	1.63
SELIC (% 12 meses)	3.33	5.44	4.16	5.00	2.50	1.67
TLP (% 12 meses)	4.31	4.31	5.39	6.47	3.23	2.16
TJLP (% 12 meses)	4.79	5.87	5.99	7.19	3.59	2.40
IGP-M (% 12 meses)	3.52	6.81	4.40	5.28	2.64	1.76
IPCA (% 12 meses)	1.19	3.30	1.49	1.79	0.89	0.60

Fonte: B3

(ii) Risk of early maturity

The Company and its subsidiaries have loan, financing and debenture agreements containing covenants which in general require the maintenance of economic and financial indexes at certain levels. Failure to adhere to these covenants could result in early maturity of this debt. Management monitors its positions and projects future indebtedness in order to act preventively with respect to indebtedness limits mentioned in notes 16 (Loans and financing) and 17 (Debentures).

In consideration of the contracts subject to Judicial Reorganization of Equatorial Pará, renewal of the credits led to the suspension of early maturity clauses and financial and non-financial covenants, except where agreed by the parties.

(iii) Risk of energy shortages

The Brazilian Electric System is predominantly supplied by hydroelectric energy generation. A lengthy drought during the wet season will reduce water volumes in reservoirs, resulting in higher energy acquisition costs in the short term and higher system charges due to need to procure energy from thermoelectrical power plants. In the worst-case scenario a rationing program could be introduced, which would result in lower revenue. In order to encourage the rational use of energy, the government issued Decree 8401/2015 which created the Centralizing Account of Rate Flag Funds (flag account) in order to indicate the hydrological situation in the country, thus curbing non-rational energy consumption.

(iv) Risk of electricity rate adjustments

Rate review and adjustment processes are a requirement under concession contracts and use previously defined methodologies. Any changes to current methodologies are required to be extensively discussed with inputs provided by the Company, concession holders and other players in the industry. Where any unforeseeable event affects the economic and financial balance of the concession, the Company is entitled to request that the regulator initiate an Extraordinary Tariff Review to be conducted at the regulator's discretion. ANEEL may also conduct Extraordinary Tariff Reviews where any charges and/or taxes are created, modified or abolished to ensure they are properly reflected in electricity rates.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

(v) **Environmental risk**

The Company and its subsidiaries guide their actions through their Sustainability Policy, which in our Concessions provides for compliance with legal environmental requirements in the 3 spheres of government (Federal, State and Municipal), aiming at environmental preservation and respect for society, in particular with traditional populations.

In order to control processes and activities subject to environmental impacts, we employ an Environmental Management System based on ISO 14001, which relates such processes and activities to their possible impacts, as well as correlating them with current legislation. For such processes, we have specific procedures intended for preventive control regarding environmental impacts and that involve our own employees and third parties, in addition to other Stakeholders.

Control of the Environmental Management System with chief macroprocesses:

- Environmental Permitting
- Track Cleaning, Pruning and Vegetation Control Activities;
- Waste Management
- Environmental Education and Awareness;
- Management of Legal Requisites;
- Water resource management and
- Standardizing and Control of the Environmental Management System (SGA).

Within such macroprocesses, we manage hundreds of environmental licensing and approval processes in order to implement, maintain and operate assets and processes, especially with regard to putting in place Substations, Lines and Power Distribution Networks. We also work with the competent environmental agencies to obtain approval for pruning, cleaning tracks and vegetation control, in compliance with legislation and preventing risks to the electrical system.

We include an Environmental Integration stage in our SGA for implementing civil works. This process consists of liaison with suppliers/civil works providers, with regard to licensing and approvals received from environmental agencies. During Environmental Integration meetings, all the processes that were environmentally licensed are passed on to civil works managers and providers, in addition to legal obligations related to compliance with conditions and current legislation, with the aim of minimizing environmental risks in connection with implementing civil works.

Also, with a view to reducing environmental impacts, we make use of protected or compact cables in our concession areas that minimize pruning actions and intensities, especially in urban areas with a high density of large trees.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

32.6 Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Management also monitors the capital return and level of dividends for shareholders.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position and establishes and monitors indebtedness and liquidity levels as well as financing maturities and costs accordingly.

33 Statements of cash flows

Transactions not involving cash

The reviewed CPC 03 (R2) – Statements of Cash Flows states that investment and financing transactions not involving cash or cash equivalents should be excluded from the statements of cash flow and presented separately in a note.

All statements not involving the use of cash or cash equivalent, i.e. that are not stated in the statements of cash flow, are shown in the table below:

Consolidated

	<u>Noncash effect</u>
Investment activities	
Right-of-use (a)	<u>9,334</u>
Total	<u>9,334</u>

(a) Following the application of IFRS 16 we had this non-cash variance related to the subsidiaries' right of use .

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Period ended March 31, 2020

(In thousands of Reais)

34 Segment reporting

The Company reviews the performance of its segments and allocates resources based on a range of factors, of which revenue and operating income are the primary financial factors.

The Company opted to organize the entity around the differences between products and services. The economic segments it operates in are therefore: Distribution, Transmission, Servicesⁱⁱ and Otherⁱⁱⁱ whose segment reporting information is shown below:

	03/31/2020					
	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Net operating revenue	3,183,119	944,678	122,157	-	(43,452)	4,206,502
Operating Costs and Expenses	(2,622,773)	(505,639)	(111,475)	(69)	22,684	(3,217,272)
Operating income before financial income/expenses	560,346	439,039	10,682	(69)	(20,768)	989,230
Financial revenue	529,107	2,152	809	11,852	(171)	543,749
Finance cost	(655,320)	(14,168)	(29)	(27,696)	171	(697,042)
Finance Income/Cost	(126,213)	(12,016)	780	(15,844)	-	(153,293)
Equity in the net income of subsidiaries and associated companies	-	-	-	917,189	(937,782)	(20,593)
Income tax and social contribution	(118,767)	(176,767)	(5,121)	-	-	(300,655)
Net income (loss) for the year	315,366	250,256	6,341	901,276	(958,550)	514,689

	03/31/2019					
	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Net operating revenue	13,262,495	5,271,536	442,135	-	(179,820)	18,796,346
Operating Costs and Expenses	(10,892,533)	(3,173,388)	(383,814)	(135,418)	44,423	(14,405,333)
Operating income before financial income/expenses	2,369,962	2,098,148	58,321	(135,418)	(135,397)	4,391,013
Financial revenue	1,690,378	12,594	26,584	33,832	-	1,763,388
Finance cost	(2,124,943)	(67,533)	(164)	(198,408)	-	(2,391,048)
Finance Income/Cost	(434,565)	(54,939)	26,420	(164,576)	-	(627,660)
Equity in the net income of subsidiaries and associated companies	-	-	-	3,937,680	(4,020,974)	(83,294)
Income tax and social contribution	(219,463)	(716,605)	(28,359)	-	-	(964,427)
Net income (loss) for the year	1,715,934	1,326,604	56,382	3,637,686	(4,156,371)	2,715,632

ⁱⁱ Services relate to the services provided by 55 Soluções S/A, Equatorial Telecomunicações Ltda and Solenergias Comercializadora de Energia S/A. For further information see note 11.3 - Subsidiaries and joint ventures.

ⁱⁱⁱ Other denotes central administration services from the holding operations and shared personnel and infrastructure provided by the companies Equatorial Energia Distribuição S/A, Equatorial Transmissão S/A and Equatorial Energia S/A. For further information see note 11.3 - Subsidiaries and joint ventures.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

03/31/2020						
	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Operating assets	28,703,327	9,546,142	244,576	17,530,187	(16,554,004)	39,470,228
Operating liabilities	21,010,728	6,710,593	84,244	1,511,915	(161,413)	29,156,067

	12/31/2019					
	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Operating assets	26,920,295	8,696,385	234,373	17,284,982	(15,605,940)	37,530,095
Operating liabilities	19,532,836	6,126,191	82,297	2,195,202	(179,804)	27,756,722

34.1 Operating revenue by segment

03/31/2020					
	Distribution	Transmission	Services	Eliminations	Total
Electric energy delivery (sale)	78,321	-	-	-	78,321
	3,901,273	-	88,077	-	3,989,350
Electricity sales to distributors	(23,230)	-	-	-	(23,230)
CVA and other financial items	396,041	837,777	-	-	1,233,818
Construction revenue	-	2,554	-	-	2,554
Electricity transmission operations	-	5,266	-	-	5,266
Operation and maintenance revenue	177,654	202,185	51,460	(43,452)	387,847
Other income					
Total gross revenue	4,530,059	1,047,782	139,537	(43,452)	5,673,926

03/31/2019					
	Distribution	Transmission	Services	Eliminations	Total
Electricity sales to distributors	383,478	-	-	-	383,478
Electricity sales to consumers	15,993,707	-	303,090	-	16,296,797
CVA and other financial items	44,732	-	-	-	44,732
Construction revenue	1,878,597	4,714,857	-	-	6,593,454
Electricity transmission operations	-	6,990	-	-	6,990
Operation and maintenance revenue	-	17,436	-	-	17,436
Other income	552,295	1,093,018	206,165	(179,820)	1,671,658
Total gross revenue	18,852,809	5,832,301	509,255	(179,820)	25,014,545

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

34.2 Geographic segment

The Company opted to disclose information by economic segment by state in which it operates in the energy distribution sector*:

(a) Distribution operating revenue

	03/31/2020				12/31/2019			
	Maranhão	Pará	Piauí	Alagoas*	Maranhão	Pará	Piauí	Alagoas*
Net operating revenue	912,405	1,284,386	527,447	458,881	3,793,558	5,595,340	2,429,658	1,443,939'

* The Distribution companies have operational and administrative head offices in the respective states they are operate in. The transmission companies, in turn, have their operations in locations away from the administrative head office, which are in Brasília/DF, are not therefore analyzed geographically by the Company.

When taking decisions Company executives only analyses distribution companies by geographical segment. Transmission companies are not analyzed in this segment because the transition lines cross through various regions.

35 Commitment - Energy purchase contracts (Consolidated)

Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas' commitments under long-term power purchase agreements are as follows:

	Term	2020	2021	2022	2023	2023 onwards *
Contracted power (in R\$)	2020 a 2032	4,141,859	6,284,982	6,429,052	6,824,063	82,462,632
Contracted power (in MWh)	2020 a 2032	23,371,295	29,416,669	29,343,766	30,251,801	305,535,902

(*) estimated 12 years after 2022.

The amounts referring to power purchase contracts lasting between 6 and 30 years relate to contract volume at the current price under the appropriate clause of the CCEAR contract and have been approved by ANEEL.

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Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

36 Future commitments

The future commitments under the long-term contracts of the companies Equatorial Maranhão, Equatorial Pará, Equatorial Piauí, Equatorial Alagoas and Equatorial Transmissão are as follows:

Individual					
	Term	2020	2021	2022	2022 onwards *
Leasing and rentals (R\$ Thousand)	2020 a 2028	150	138	127	528
(*) estimated after 2022.					
Consolidated					
	Term	2020	2021	2022	2022 onwards *
Leasing and rentals (R\$ Thousand)	2020 a 2028	10,527	8,057	5,966	21,943
Islanded system (R\$ Thousand)	2020 a 2032	448,133	418,927	316,590	684,212
Islanded system (MWh)	2020 a 2032	298,783	280,247	224,257	799,603
(*) estimated after 2022.					

37 Insurance

The Company and its subsidiaries maintain insurance policies for amounts deemed sufficient to cover losses caused by possible claims in their equity, as well as for repairs in which they are civilly liable for involuntary, material and/or bodily damages caused to third parties arising from its operations, considering the nature of its activity. The Company's and its subsidiaries' insurance policies are signed in accordance with the risk management and insurance policies generally employed by electricity distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements review and were not therefore examined by our independent auditors.

The specification by risk type and effectiveness date of the main insurance contracts according to the insurance policies taken out by the Company and its subsidiaries are denoted below:

Consolidated Risks	Maturity	Amounts
Operating risks	(b)	1,172,291
General civil liability - operations	(b)	170,000
All risks	(b)	1,095
Judicial surety bond	(c)/(d)/(e)	710,696
Power auction surety bond	(a)	985,614
Vehicle	(f)	-

(c) Policies in force through 2020

(d) Policies in force through 2021;

(a) Policies in force through 2023;

(e) Policies in force through 2024;

(f) Policies in force through 2025;

(g) Pursuant to the policy, this insurance only applies to third parties, i.e. there is no insured amount.

(*) 358 insured own vehicles.

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Period ended March 31, 2020

(In thousands of Reais)

38 Subsequent events

Impact of the COVID-19 outbreak on the financial statements

On April 7, the Agency released funds to the distributors amounting to R\$ 1.5 billion, accumulated in the ESS relief account. The amount received by Equatorial Energia was R\$ 104,084 thousand. On April 20, in another decision, ANEEL reduced by more than 15% transmission usage expenses for the months of April, May and June. In relation to the discount on transmission usage fees, the reduction for Equatorial Energia: amounted to R\$ 15,182/month.

Additionally, Provisional Executive Order (MP) No. 950/2020, determines the contracting of loans with banks to relieve the cash of the energy distributors, affected by effects arising from the coronavirus pandemic (Covid-19). The aforesaid loan will be paid off via a tariff charge, along the lines of the so-called ACR account (created in 2014, within the scope of solutions to the crisis provided by MP No. 579/2012). According to referred to MP, the tariff charge should provide funds to permit the amortization of financial operations related to measures to deal with the impacts on the electricity sector resulting from the state of public calamity.

By way of Normative Resolution No. 885 of June 23, 2020, ANEEL standardized said MP for financial transactions, with the receipt by Equatorial Energia capped at R\$ 1,575,006.

It should be noted that as a result of the approval of Normative Resolution No. 885 of June 23, 2020, ANEEL established a sixty-day term for ANEEL to initiate a Public Consultation to regulate article 6 of Decree No. 10350 of 2020, which will define criteria and methodologies for assessing the economic and financial balance of the concession and distribution permission contracts due to the Covid-19 pandemic.

As respects the behavior of the energy injected in Equatorial (Equatorial Pará, Maranhão, Piauí and Alagoas Distributors), when comparing the months of April- May 2019, against the same period of 2020, as shown in the table below, a slower pace is observed in relation to the 1st quarter of 2020, with an average decrease rate of 3.0%, as shown in the table below. This derives from a decrease of 3.1% in April and 2.9% in May. This decrease reflects the impacts of the COVID-19 crisis on the companies' markets, which began in April 2020.

Realized amounts - MWh						19 x 20 comparative (%)		
Apr/19	May/19	April – May 2019	Apr/20	May/20	April – May 2019	April 19 x April 20	May 19 x May 20	April - May 19 x April - May 20
2,374,852	2,533,778	4,908,630	2,300,384	2,460,452	4,760,836	-3.1%	-2.9%	-3.0%

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Period ended March 31, 2020

(In thousands of Reais)

Equatorial Pará

On December 27, 2018, the Company executed Credit Opening Agreement No. 18.2.0720.1 consisting of financing with BNDES bank, in the amount of R\$ 1,341 billion, intended for the implementation of the Company's investment plan for the years 2018 to 2020. The agreement is guaranteed by energy receivables, a deposit in a centralizing account and the guarantee of parent company Equatorial Energia. That financing bears interest rate of IPCA + 4.78% p.a., a grace period of 24 months and amortization over 88 months, the last installment falling due on April 15, 2028. On April 22, 2020, the Company received the 4th installment of the financing, in the amount of R\$ 220,000.

Equatorial Alagoas

On May 29, 2020, as authorized by the Executive Board Decision 124/2020, Equatorial Alagoas executed with the National Bank for Economic and Social Development (BNDES) a Financing Contract amounting to R\$ 491,429 bearing interest by reference to IPCA rate plus 4.38% p.a., a grace period for the principal until January 2024 and maturity in May 2040. This shall be used to implement additional investments in the period from June to December 2020 and the investment plan for 2021 to 2023, which covers investments in expanding the energy distribution system, expanding the customer base, containing commercial losses, improving the quality of the energy supply and improving the electrical system operation.

Equatorial Piauí

On May 29, 2020, as authorized by the Executive Board Decision 125/2020, Equatorial Piauí executed with BNDES a Financing Contract amounting to R\$ 643,031 bearing interest by reference to IPCA rate plus 4.38% p.a., a grace period for the principal until January 2024 and maturity in May 2040. This shall be used to implement additional investments in the period from June to December 2020 and the investment plan for 2021 to 2023, which covers investments in expanding the energy distribution system, expanding the customer base, containing commercial losses, improving the quality of the energy supply and improving the electrical system operation.

SPE 02

Under Financing Contract No. 193.2018.581.6503, entered into on June 19, 2018 with Banco do Nordeste do Brasil S.A. (BNB), on June 4, 2020 SPE 2 received the 4th disbursement of the Contract with BNB in the amount of R\$ 4,908. This disbursement will be fully allocated to investments in the project, matures in 20 years and bears interest corresponding to IPCA + 2.0766% p.a.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended March 31, 2020

(In thousands of Reais)

SPE 03

Under Financing Contract No. 193.2018.581.6503, entered into on June 19, 2018 with Banco do Nordeste do Brasil S.A. (BNB), on June 4, 2020 SPE 3 received the 4th disbursement of the Contract with BNB in the amount of R\$ 50,000. This disbursement will be fully allocated to investments in the project, matures in 20 years and bears interest corresponding to IPCA + 2.0766% p.a.

SPE 6

Within the scope of the Credit Opening Financing Contract No. 19.2.0126.1 of April 2, 2019 with BNDES, on May 28, 2020 SPE 6 received the 5th disbursement of the Contract with BNDES in the amount of R\$ 54,200. This will be fully allocated to investments in the project, matures in December 2042 and bears interest corresponding to IPCA + 4.87% p.a.

SPE 7

On May 28, 2020, Equatorial Energia S.A. entered into as “Lender” the Private Instrument of Financial Loan with Equatorial Transmissora 7 SPE SA – “Borrower”, as previously agreed by ANEEL, through Decision No. 3085 of December 18, 2018, in the amount of R\$ 10,500 with maturity in up to 2 years from the date of signature, which can be paid in advance, bearing interest of 105.5% of the CDI *pro rata die*. This contract is rendered justifiable to avoid scarcity of funds due to delays in the release of the long-term financing contracted and its funds will be fully allocated to the Company’s ordinary management in the exercise of the public electricity transmission service.

On May 28, 2020, SPE 7 received the 2nd disbursement of the Fixed Credit Opening Agreement No. 330.900.894 with Banco do Brasil with funds from the Amazon Development Fund - FDA, under the terms approved by the Oversight Authority for Development of the Amazon (“SUDAM”), in the amount of R\$ 59,931. This will be fully allocated to investments in the project, matures in 20 years and bears interest corresponding to IPCA + 1.619% p.a.

Board of Directors

Carlos Augusto Leone Piani

Firmino Ferreira Sampaio Neto

Guilherme Mexias Aché

Luís Henrique de Moura Gonçalves

Paulo Jerônimo Bandeira de Mello Pedrosa

Tania Sztamfater Chocolat

Marcos Martins Pinheiro

Eduardo Haima

Oversight Board

Paulo Roberto Franceschi

Saulo de Tarso Alves de Lara

Vanderlei Dominguez da Rosa

Executive Board

Augusto Miranda da Paz Júnior
CEO

Carla Ferreira Medrado
Officer

Humberto Luis Queiroz Nogueira
Officer

Leonardo da Silva Lucas Tavares de Lima
CFO and Investor Relations Officer

Sérvio Túlio dos Santos
Officer

Tinn Freire Amado
Officer

Geovane Ximenes de Lira
Accounting and Tax Manager
Accountant
CRC-PE012996-O-3-S-MA